CLASS CONFLICT AND THE INDUSTRIAL RELATIONS CRISIS

by Colin Crouch

ABSTRACT

The central purpose of the thesis is to interpret in the context of theories of class structure certain developments in the industrial relations policies of British governments between 1956 and 1971. Although British sociology has long been pre-occupied with class, and although the relevance of industrial relations to the historical development of class relations is generally recognised, it is only in very recent years that a few authors have attempted class analyses of recent policy changes. The present study is probably the first to attempt a detailed analysis of the policies in this context, though the period has been one of institutional innovation rivalling the immediate post-war years. In tackling this task the thesis brings together three usually separate literatures: that on class and stratification, that on industrial relations and that on political processes. The first two of these are dealt with at length, the last less so (and perhaps, on reflection, inadequately).

Nearly all the themes discussed will be found elsewhere in the literature, but originality is claimed for (i) the particular combination of themes achieved, and the relations made between them and (ii) the detailed relation of these themes to the particular body of empirical material studied. For example, the central contention examined - that recent policy developments constitute the rise of the corporate state - has very recently found its way into general discussion, but the present thesis tries to define corporatism systematically, demonstrate its place within a theory of class relations, and assess precisely the corporatist content of policies. Methodologically the thesis is unadventurous and conventional and makes no use of sophisticated techniques. Further, the great bulk of empirical material studied consists of published documents. However, it is considered that it goes beyond many conventional treatments in the extent to which its analysis of empirical material relates closely to the theoretical framework which is established. Further, although the data used are not original in the sense of having never before been exposed to public gaze, their use is original in the sense that they are studied in terms and for purposes very different from those intended by their authors.

In summary, the contributions claimed for the thesis are as follows: (1) starting from a Marxian/Weberian perspective it directs attention to a central aspect of class which has been neglected in sociology's pre-occupation with problems of the identification of and subjective attitudes of classes, viz the particular combination of economic, political and ideological constraints that provide the structure of different forms of class relations; (2) it relates issues of class to recent industrial relations strategies more systematically than is usually the case in recent debates; (3) in particular, it establishes the outlines of two contrasting strategies - called the Compromise and corporatism; (4) it makes use of

these and other concepts to provide a sociological analysis of incomes policies and industrial relations law reform measures; (5) in less precise detail, it provides an histoire raisonnée of political developments in the period concerned, interpreting them in the terms established earlier; (6) it makes an empirical study of, and relates together, certain other themes of recent literature, such as managerialism, administrative rationality as ideology, the changing role of the state and the problems this creates for existing political ideologies.

Synopsis

Part I: Introduction and theoretical perspective: In chapter one the study is placed in the context of existing bodies of literature on class, relating these to industrial relations and indicating the gaps in the literature which it is hoped the study will fill. Chapter two sets out the general approach to class being adopted in the thesis, again showing its relation to industrial relations. The main purpose of this chapter is to clarify terminology and locate the thesis within the various existing schools rather than to make an original contribution to class theory. Chapter three is the central theoretical chapter and in several ways the chapter on which the whole thesis rests. It sets out a framework of analysis for the study of changes and differences in strategies of domination, starting with the constituent elements of a strategy and going on to establish a limited number of ideal types which will be used in the remaining study. Chapter four is an essentially empirical chapter but it belongs in this part of the thesis because its tasks are essentially preparatory and it deals almost entirely with secondary material. It provides an account of the industrial relations system developed in post-war Britain, re-interpreting the existing literature in terms of the framework of chapter three.

Part II: Detailed analyses of the policies: The thesis provides (a) a detailed analysis of policies in (b) an historical context. These two tasks have to be separated or the former would obstruct the delineation of the historical development; thus separated they become parts II and III. In the first of these the detailed analysis is carried out, and this constitutes the major contribution of the thesis to empirical sociology. Chapters five to seven are concerned with incomes policy. Chapter five examines the work of the Council on Prices, Productivity and Incomes and the National Incomes Commission, not particularly substantial developments which are more interesting for their potential implications than for their actual work. Chapters six and seven analyse the far larger number of relevant reports produced by the more significant National Board for Prices and Incomes. Chapters eight to ten tackle industrial relations law reform. Here the analysis is concerned, not only with state policy, but also with lobbying by major interest groups since this was a more important factor here than with incomes policy. Chapter eight sets the parameters of the debate by considering the Conservative lawyers' document A Giant's Strength which was the first serious attempt at securing radical legal changes, and by looking in abstract terms at the range of proposals

advanced before the Royal Commission on Trade Unions and Employers' Associations. Chapter nine moves to a detailed examination and classification of the strategies urged on the Commission by individual witnesses. For reasons of length only the most significant witnesses are discussed at length. Chapter ten provides a similar account of the major policy documents which followed: the Donovan Report itself, In Place of Strife, Fair Deal at Work and the Industrial Relations Act, 1971.

Part III: The fate of the policies: This treads over similar ground to Part II but treats it differently. It comprises a brief reconstruction of the history of the policies and the conflicts which surrounded them. Since all the policies discussed in Part II had chequered careers the main task of this discussion is to account for failure. The empirical analysis here is not so detailed as in Part II and is concentrated on the role of governments and their relationship to the two main Parliamentary parties, though attention is also given to the actions of organised labour and employers in so far as these interact with government measures. Chapter 11 deals with the seminal period 1956-64; Chapter 12 with the incomes policy of the 1964 Labour Government; and Chapter 13 with the attempts at industrial relations law reform by both that Government and the succeeding Conservative administration. Finally, chapter 14 provides a summary of the main conclusions of the thesis, introduces certain new ideas on the changing configuration of political forces emerging from the analysis of chapters 11-13, and returns to the themes of chapter one.

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CLASS CONFLICT AND THE INDUSTRIAL RELATIONS CRISIS:

Compromise and Corporatism in the Policies of the

British State

Registered long title:

The implications for class structure and class conflict
in Britain of recent developments in relations
between the state, organised labour and employers

by Colin Crouch

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LIST OF ABBREVIATIONS USED

ACTT	Association of Cinematograph and Television Technicians
AScW	Association of Scientific Workers
ASSET	Association of Supervisory Staffs, Executives and Technicians
ASTMS	Association of Supervisory, Technical and Managerial Staffs
ATTI	Association of Teachers in Technical Institutions
AUEW	Amalgamated Union of Engineering Workers
AUT	Association of University Teachers
BICC	British Insulated Callendar Cables
BJIR	British Journal of Industrial Relations
BOAC	British Overseas Airways Corporation
BRS	British Road Services
CAWU	Clerical and Administrative Workers Union
CBI	Confederation of British Industry
CCO	Conservative Central Office
CIM	Commission on Industry and Manpower
CIR	Commission on Industrial Relations
CPC	Conservative Political Centre
CPPI	Council for Productivity, Prices and Incomes
DATA	Draughtsmen's and Allied Technicians' Association
DEA	Department of Economic Affairs
EEF	Engineering Employers' Federation
ETU	Electrical Trades Union
GFTU	General Federation of Trades Unions
GLC	Greater London Council
GMWU	General and Municipal Workers Union
ICI	Imperial Chemical Industries
IPC	International Publishing Corporation
IRA	Industrial Relations Act 1971

IRC	Industrial Relations Commission (as proposed in the Donovan Report; in the event the institution was called the CIR (<u>q.v.</u>) to avoid confusion with the Industrial Re-organisation Corporation)
IRSA	Inland Revenue Staffs Association
JIB	Joint Industrial Board (of the electrical contracting industry)
LTB	London Transport Board
NBPI	National Board for Prices and Incomes
NEDC	National Economic Development Council
NHS	National Health Service
NIC	National Incomes Commission
NIESR	National Institute for Economic and Social Research
NIRC	National Industrial Relations Court
NUDBTW	National Union of Dyers, Bleachers and Textile Workers
NUM	National Union of Mineworkers
PBR	Payment by Results
SEF	Shipbuilding Employers Federation
SIM	Society of Independent Manufacturers
STCS	Society of Technical Civil Servants
TGWU	Transport and General Workers Union
TUC	Trades Union Congress
UKAEA	United Kingdom Atomic Energy Authority
UPW	Union of Post Office Workers

Further abbreviations used in references to Chapter 9:

OE	Oral evidence
Q	Question
SWE	Selected Written Evidence
WE	Written Evidence

PART I:

INTRODUCTION AND THEORETICAL PERSPECTIVE

CHAPTER I

INDUSTRIAL CONFLICT AND

THE DEBATE OVER CLASS

The recent intensification in Britain of industrial conflict and its political ramifications has led to renewed discussion, both academic and popular, of the relationship between industrial conflict and more general class conflict. The historical contribution of industrial relations institutions to the structuring of class relations has long been recognised in historical and sociological accounts of the development of industrial Britain, but until very recent years few observers have found much of significance in the relationship in contemporary times. Academically, the study of industrial conflict has become a specialised discipline of its own, concerned with institutional practices and policy. Sociological studies of class have continued to take an interest in industrial relations, but this has been very much in terms of workers' subjective perceptions of their situation, rather than the objective structural elements which provide the context within which these subjective orientations have developed. The two studies may come closer together within the specialism of industrial sociology, though here again the emphasis is on subjective perceptions and on the "micro" level of plant and workshop relations at which industrial sociology usually operates. What has been missing is a study of the implications for objective class structure and class relations of political, macro-level developments in industrial conflict and industrial relations institutions.

The present work attempts a study of a small but important aspect of that wider field. There have recently been major, sometimes dramatic, shifts in the policies of the state in its relations with employers and workers. Two questions arise: how may these changes most usefully be interpreted? And if, historically, the development of a particular balance between the state, employers, unions and workers has been held to have played a crucial part in the structuring of class relations, what have been the consequences for those relations of the changes? The primary focus of the study is therefore on the shifts (or attempted shifts) in government policy; these are conceived within the wider context of industrial relations activity; which is, in turn, set within the general terms of class relations.

The time period covered is between 1956 and 1971. Although most of the important developments are concentrated in the later years of that period (from about 1965), the earlier years have been included because they constitute an important period of gradually accelerating developments. The year 1956 is selected as the starting point because it was in that year that a Government White Paper¹ first drew attention to the possible incompatibility between the three central goals of post-war governments (full employment, stable prices and economic growth) and queried the priority accorded to the first of these. Shortly afterwards the national engineering employers, encouraged by the

1. H.M. Government, The Economic Implications of Full Employment, Cmd. 9725, (London, HMSO, 1956).

Government's exhortations, resisted a major wage claim. A prolonged strike ensued, and eventually the Government shifted its policy and encouraged a compromise solution. In 1957 the Government appointed a Council on Productivity, Prices and Incomes which would pronounce on the acceptable rate of pay increases given the prevailing state of the economy (though without any powers to enforce its views). During the same period the Government also pursued inconsistently a policy of resisting various public-sector pay claims, and some regulation of demand which resulted in slightly increased unemployment. All these moves constituted breaks, but minor and unsustained breaks, in a general Government strategy of keeping unemployment low and avoiding detailed involvement in industrial disputes apart from measures to secure compromises and avoid widespread conflict.

Stronger developments occurred after the economic crisis of 1961: a recommended freeze on all pay increases for six months (enforced in the public sector), followed by the formal establishment of an incomes policy. This comprised a Government-recommended norm for pay increases, a set of criteria to govern exceptions, and the establishment of a National Incomes Commission which would comment in the light of the norm and the criteria on individual cases referred to it by the Government. The Government pursued the policy of restraint in some areas of the public sector, risking increased conflict in so doing, but the role of the NIC was severely weakened by its lack of any powers and the refusal of the trade unions to co-operate with it. At the same time in a somewhat less controversial but equally significant departure from former practices, the Government adopted a policy of indicative planning which would involve the unions and

organised employers more deeply in detailed economic policy discussions with the state than had previously been the case.

These developments remained modest in their departure from the previous strategy of state non-involvement and the pursuit of industrial peace, but important elements of change had been introduced. Under the Labour Government elected in 1964 the pace of change in the same direction intensified considerably, partly because of the worsening economic situation and partly because the Labour Government was less cautious than a Conservative one of intervening deeply in economic matters and pressing unions into active collaboration. The strategy of Government-established norms for pay increases and criteria for exceptions was continued. The NIC was replaced by a National Board for Prices and Incomes which took on a much larger caseload, had larger resources for investigation of cases and enjoyed trade-union support. Within a year of its operation the incomes policy also acquired a statutory element: a modest proposal that the Government be able to require advance notification of pay settlements. Although this was merely a request for information, it was seen by the unions as marking a new element of state control over incomes. Following the economic crisis of July 1966 the compulsory elements increased. A six month freeze was introduced, similar to that of 1961 but this time enforceable by law; and the subsequent incomes policy made it possible for the state to delay implementation of a pay award pending investigation by the NBPI, with scope for further delay in the event of an adverse report from the Board. In subsequent years the periods of delay were

lengthened. Incomes policy now involved an unprecedented degree of state regulation of incomes, and relations between the Government and the unions became increasingly strained.

At the same time that these developments were taking place the Government's role in dispute resolution also changed. The existence of incomes policy itself created difficulties for the traditional peace-making role of the Ministry of Labour, while Ministers increasingly resorted to public attacks on strikers; the days when Ministerial comment on a dispute was considered a delicate piece of diplomacy had passed. In particular, unofficial strikers were condemned by Ministers, Opposition spokesmen, industrialists and some union leaders, while the number of unofficial strikes rose¹.

Alongside this intensification of tension and conflict the Government displayed the same inconsistency as the previous Conservative administration. Not all major wage claims were referred to the NBPI; the rhetorical attacks on strikes were frequently accompanied by conciliatory intervention; little was done to secure enforcement of the proposals of the NBPI. Faced with an increasing level of conflict, very strained relations within the Labour Party and between it and the unions, and a worsening economic situation the Government alternated between the new strategies and their accompanying confrontations and returns to the old compromises.

1. M. Silver, 'Recent British Strike Trends: a Factual Analysis', British Journal of Industrial Relations, March 1973

Before its fall in 1964 the Conservative Government had begun to show very tentative interest in proposals for changing the law affecting industrial relations in order to impose tougher restraints on the power of organised labour. It intended to establish some form of inquiry into the state of industrial relations law. The Labour Government in fact followed this policy, appointing a Royal Commission on Trade Unions and Employers Associations under the chairmanship of Lord Donovan. In evidence before the Commission several major groups of employers argued for a controversial change in the law which would affect the right to strike and impose certain duties on unions to control unofficial strikers. The Conservative Opposition also committed itself to such policies, breaking sharply with previous post-war Conservative policy. Trade unions and their sympathisers argued for the maintenance of the traditional system of state non-intervention and for a liberal industrial relations law. With some exceptions and internal dissent the Commission allied itself with the latter school of thought in its Report, which appeared in 1968.¹ For a while the Labour Government followed these policies, but by the end of 1968 it had become clear that it too had joined those seeking new legal controls over organised labour. In 1969 it began to relax incomes policy and to shift to a muted version of the new strategy. However, the level of conflict with the unions which this

1. Royal Commission on Trade Unions and Employers' Associations, Report, Cmnd.3623, (London, HMSO, 1968).

invoked was far heavier than the incomes policy controversies. The unions made use of political resources which they had not touched in any of the disagreements of the previous years, and the Government withdrew its proposals.

The final year of the Labour Government cannot be described as simply a return to the old policies of compromise. The unions were now involved more closely than in earlier periods in economic policy, and the Trade Union Congress in particular had acquired a new role in relations between the Government, unions and factory-level conflict. However, before the potentialities of this set of changes could be realised the change of government in June 1970 led to a further switch in policy and a new intensification of conflict. The Conservatives continued in office the policies of legal reform which they had developed in opposition, and accompanied these with other policies aimed at restoring the discipline of the market within industrial relations. These included both an increase in unemployment and a strategy of "standing firm" against public-sector pay claims. Although the level of unemployment rose, pay claims and settlements, which had been rising particularly sharply since 1969, continued to increase. The year 1970 also saw the largest number of strikes ever in British industry.¹ In 1971 a high level of conflict continued, with a series of major public-sector strikes as the Government adopted its "stand-firm" policy, and with an outbreak of political strikes as it proceeded to introduce its Industrial Relations Bill. The Bill involved a fundamental change in the legal framework of industrial relations in Britain, and led to an almost complete breakdown in relations between the state and trade unions.

1. M. Silver, op cit

August 1971, when the Industrial Relations Act finally became law, by no means marks the end of a period of development; further policy changes and major escalations of conflict continued in each succeeding year. However, the passing of the Act marks a certain point of culmination from which the preceding period can be surveyed, and it will therefore mark the end point of this study. By that point little remained of the policies of compromise and accommodation which had characterised the strategies of the 1950s, and industrial relations had become politicised in a way which had seemed impossible only a few years previously.

The study therefore starts with the first signs of fissure in what will be called in subsequent chapters the 'Compromise' (a short-hand term for the distinctive pattern of industrial relations which developed in Britain after World War II), and it ends with the obvious appearance of some major cracks in that edifice. Rather conveniently two strongly opposed bodies of relevant literature stand at the beginning and end of this period. In the late 1950s sociologists and other observers of both Britain and other western societies began to speak of the decline of class conflict and the taming of industrial relations within societies characterised by the search for high economic growth and mass affluence. Although this literature was widely influential, much of it was considered discredited by academic criticism even before it was overtaken by events themselves. By the late 1960s little could be found of this kind of interpretation. In its place a new Marxist school had emerged which found in the resurgence of social conflict promising material for a very different kind of interpretation. Where the 1950s literature had related the decline of industrial conflict to the attenuation of class conflict,

so Marxists saw the reawakening of the former as evidence of the rise of the latter. Since these contrasting bodies of literature cover that relationship between industrial relations and class relations at the macro socio-political level which is the primary focus of this thesis, an examination of their opposed arguments will provide a useful starting point.

Theories of the decline of class conflict

What is being called here the "1950s literature" consists of a variety of works concerned with very different problems and by no means limited solely to Britain. Some of the authors were concerned with advantageously contrasting the USA and Western Europe with the Soviet bloc, others with the implications of the rise of professional management in industry, others again with the problems facing socialist political parties in a context of working-class affluence. But from these varied concerns emerges a fairly coherent overall perspective from which can be abstracted general hypotheses on the nature of industrial relations, their implications for class structure, and in turn the implication of all these developments for politics. One may summarise the central contentions of the argument as follows:

1. The post-war combination of a consistent rate of economic growth and a very low level of unemployment made possible an unprecedented mass prosperity. One consequence of this was that workers' demands could be satisfied through pay increases financed out of the increasing wealth.¹ In this way a direct confrontation between employers and workers was avoided, and workers' demands were essentially economic rather than political.²

1, F. Bealey in F. Bealey and S. Parkinson, Unions in Prosperity, Hobart Paper No.6 (London, Institute of Economic Affairs, 1960).

2. S.M. Lipset, 'The Changing Class Structure and Contemporary European Politics', Daedalus, Winter 1964.

2. This development had several implications for industrial relations: the number and size of strikes declined;¹ the institutional arrangements of industrial relations were well able to contain those conflicts which occurred;² and unions increasingly lost their political concerns, ceasing to be the vanguard of a political movement and becoming 'business unions' on the American pattern.³

It was possible for observers to identify a transformation in the nature of industrial conflict away from the class confrontations of a previous generation to controlled 'technical' disputes between employers and workers:

"... the issues that remain open - and there are many of them - are technical, of the kind that can be settled by reason and experience rather than class-war clashes based on an irreconcilable conflict of interests . . . the issues that remain . . . technical though they are, give rise today and will continue to give rise to disputes that are well worth fighting about. But one can look forward to their being fought to a finish in the sense, not of the defeat and disappointment of one party, but of the emergence of a new series of agreed and reasonable answers."⁴

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1. A. Flanders, 'Collective Bargaining', in A. Flanders and H.A. Clegg (eds), The System of Industrial Relations in Great Britain, (Oxford, Blackwell, 1960), p.317.
 2. C. Kerr, Labour and Management in Industrial Society, (New York, Doubleday, 1964), p.199.
 3. Bealey, op.cit.
 4. M. Fogarty, The Just Wage, (London, Chapman, 1961), p.67.

3. More generally, the effect of mass prosperity was to dissipate feelings of class solidarity among the manual working class, with particularly important implications for their political allegiances.¹ Central to this argument was the theory of embourgeoisement which figured so prominently in sociological and political discussion during the 1960s.² Crudely, this held that workers were becoming 'like the middle class' in their perspectives, expectations and political orientations. The implication of this for industrial relations was considered to be a growing individualism, leading to a decline in trade-union solidarities.³

4. This tendency was being intensified by changes in the occupational structure which diminished the stark class identities forged in an earlier industrial age. The traditional heavy, proletarian industries, such as mining, shipbuilding, textiles and the railways were declining, while prosperous industries with a wealthy (and in some cases hardly manual) workforce were advancing - the motor industry, oil, plastics and chemicals.⁴ Furthermore, manual workers were a declining proportion of the population, with a corresponding increase in technical and white-collar employments. These changes had direct implications for industrial

1. F. Zweig, The Worker in an Affluent Society, (London, Heinemann, 1961).

2. M. Abrams and R. Rose, Must Labour Lose? (Harmondsworth, Penguin, 1960); C.A.R. Crosland, The Future of Socialism, (London, Jonathan Cape, 1964); Zweig, op.cit.

3. Bealey, op.cit.

4. Abrams and Rose, op.cit.

relations in that trade union membership was most heavily concentrated in the declining industries, with less density among manual workers in the new industries and least of all among the white-collar workers.

5. Partly related to factors 3 and 4 and partly as a consequence of the gradual differentiation of social roles in advanced industrial society, the rigid class-based status barriers of an earlier historical period were declining, leading to a more open society and, again, the weakening of class identities.¹

6. A major example of role differentiation was the division between ownership and control in industry, involving the declining importance of capitalists as such and the rise of technically competent management. This was considered to have important implications for the general treatment of workers in the workplace.² Associated with this development was the elimination of the capitalist employer altogether, and his replacement by professional management, in nationalised industries.³ In the views of several authors, managerialism was inevitably bound up with the acceptance of workers' representation and institutionalised means of resolving industrial conflicts:

1. Lipset, op.cit., p.287

2. Crosland, op.cit., was a politically influential example of a wider literature.

3. Crosland, op.cit.; F. Harbison and C.A. Myers, Management in the Industrial World (New York, McGraw-Hill, 1959), p.62,63,86,125,126.

"There is little reason to fear that the working masses in modern industrial states will be exploited by the emerging professional managerial class. Industrialism makes possible a higher material standard of living. But at the same time, management is generally forced to share its rule-making prerogatives with agencies which directly or indirectly represent the workers' interest. Thus the odds are in favour of greater recognition of the rights and duties of the individual worker as industrialization advances."¹

7. One aspect of the claim that managerialism had crucially affected class relations was the argument that its authority stemmed from a rational, technical legitimation and a commitment to the general interest through the pursuit of economic growth. Thus the basis of legitimation of this new specialised social elite was contrasted heavily with those of earlier class elites.²

8. The fact of functional differentiation also supported a more general argument concerning elites in modern society. Such institutional separations as that between the economy and the polity or (within the economy) between ownership and control led to a pattern of separate, specialised elites rather than a cohesive ruling class.³ In some accounts such factors as the importance of organisational imperatives and the limitations of constitutional authority and functional specialisation were assumed to mean that there were no true elites at all. Instead it was the middle ranks of functionaries, the service class, exercising

1. Harbison and Myers, op.cit., p.122.

2. Ibid., p.86; T.T. Paterson, Glasgow Ltd. (Cambridge, at the University Press, 1960), p.225.

3. S. Keller, Beyond the Ruling Class (New York, Random House, 1963) p.125, 262-3.

small parcels of delegated and heavily institutionalised authority, who characteristically occupied the dominant positions in these societies.¹

9. The achievement of a universal citizenship, covering not only legal and political rights but also social rights through the welfare state, further inhibited the monopoly of political domination by homogeneous elites.² Political structures became pluralistic and all members of a society had some role in its decision-making processes.³ The significance of these developments, whose origins date from before the post-war period, was increased when they were combined with the new prosperity:

"Through the social miracle people have become citizens with a definite set of rights in which they are equal to others. But it may be surmised that this development would have remained rather abstract and unreal had it not been followed by the economic miracle. Higher incomes and shorter working hours enable more and more people to make effective use of their citizenship rights. More, they place in the reach of many the chance of a life of which their grandfathers would hardly have dared to dream. It is not surprising that under these conditions old ideologies of class are increasingly losing their grip on people, and new and more complicated structures are emerging."⁴

10. An important consequence of these processes of functional specialisation, the demise of a clearly identified ruling class and the development of rules for the conduct of political and industrial

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1. R. Dahrendorf, "Recent Changes in the Class Structure of European Societies", Daedalus, Winter 1964.
 2. R. Bendix, "The Lower Classes and the Democratic Revolution", Industrial Relations, Volume I, No. I, 1961; T.H. Marshall, Citizenship and Social Class (Cambridge, at the University Press, 1950).
 3. Dahrendorf in Daedalus, op.cit. p.235; Lipset, op.cit. p.293.
 4. Dahrendorf, ibid., p.232.

relations was considered to be the institutionalisation of conflict. The consequence of this would be further to inhibit the coalescence of class loyalties and class confrontations, because conflicts could be contained within their particular sphere of origin. At the same time the intensity of conflict would be reduced:

"Instead of a battlefield, the scene of group conflict has become a kind of market in which relatively autonomous forces contend according to certain rules of the game, by virtue of which nobody is a permanent winner or loser."

This argument was one which applied with particular relevance to industrial relations:

"Industry and industrial conflict are in post-capitalist society institutionally isolated, that is confined within the borders of their proper realm and robbed of their influence on other spheres of society."²

11. A final, and slightly paradoxical, point which was made by only a few of these authors was that this attenuation of class identities and class-based politics was in western societies eroding the very characteristics which had in the past formed the basis of representative politics. This process might fit the general pattern of social pacification described by these theories, but the paradoxical element lies in the threat posed to the basis of parliamentary politics which had in other aspects of the argument been counted as one of the main-stays of the political integration of the mass into universal citizenship and,

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1. R. Dahrendorf, Class and ^{Class} Conflict in an Industrial Society (English edition: London, Routledge and Kegan Paul, 1959), p. 47
 2. Ibid., p. 268

also, the institutionalisation of conflict:

" . . . [the class] basis of representative government is giving way. This does not, to be sure, affect the strength of the traditional conservative position But where there was the progressive party, the Liberals, and later the Socialists, there tends to be a great vacuum today; and since representative government lives on the productive antagonism of inertia and progress, its very foundations are in danger. . . .

The absence of a progressive political force is the result of the absence of a suppressed class in the classic meaning of this term. When the sense of solidarity gives way to individual competition, there is little hope for radical political groups . . . a very uninspiring kind of bureaucratic conservatism dominates the scene

. . . people take but little interest in the world of politics, which is after all always to some extent a world of solidarities."¹

1. Dahrendorf in Daedalus, op.cit., p.263-5.

The recovery of Marxism

The limbs of this overall case which proved vulnerable to criticism were those concerning the effects of prosperity on class and status identification¹ (points 3 and 4) and the argument that the rise of management meant fundamental changes in the structure of industry² (point 5). Some of the other points, such as those on the decline of the strike and the purely economistic nature of pay demands, were not challenged until the pattern of evidence itself began to change in the late 1960s. Other arguments, such as those concerning the lack of cohesion in the ruling class, were less amenable to empirical testing and were therefore the subject of constant debate and controversy. Therefore, although certain aspects of the case were crucially weakened, no similarly complete and coherent rival account of the state of industrial, political and class relations appeared until, by the end of the 1960s, an increase in the observable level of social conflict had progressed sufficiently to give renewed confidence of Marxist authors. There are of course several different schools of Marxist thought, and an attempt at running them together to produce a cohesive view is bound to do violence to the individual factions represented by particular writers, but it is not a central purpose of this thesis to analyse different academic schools. Our concern here is simply to demonstrate certain major contrasts in interpretations. For these purposes the following is a reasonable statement of the neo-Marxist interpretation of the recent resurgence of industrial conflict, set out as a point-by-point refutation of the "1950s theories."

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1. See for example, J.H. Goldthorpe, D. Lockwood et al, The Affluent Worker (three monographs), (Cambridge, at the University Press, 1968) and J. Westergaard, "The Withering Away of Class; a Contemporary Myth" in P. Anderson and R. Blackburn, Towards Socialism (London, Fontana, 1965).
 2. T. Nichols, Ownership, Control and Ideology (London, Allen and Unwin, 1969); R. Blackburn, "The New Capitalism" in Anderson and Blackburn, op.cit.

1. Although Marxists have always despaired at the persistent economism of trade-union action, they began to see new hope in the emergence of unofficial wage militancy in the 1960s.¹ However fragmented and narrow a pay demand, it could be seen as a continuous pressure on capitalism, exploring the limitations of its capacity to provide a constantly expanding standard of life, based on growth which would keep ahead of increasing expectations.² Given their view of the continuing reality of class relations lying 'behind' the institutionalised conflicts of industrial relations, Marxists confidently predicted not only that conflicts would remain, but that they would create increasing difficulties for capitalism and grow in intensity.

2. Thus, even if union action by itself was not political and might constitute "business unionism", the objective consequence of increasing wage demands would be to heighten the crisis of capitalism, leading to an increase in the level of conflict which would not be contained within industry but would become politicised.³ Such developments as incomes policy and productivity bargaining were interpreted in this light.⁴

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1. For a sophisticated and not uncritical example of such a view, see R. Hyman, Marxism and the Sociology of Trade Unionism, (London, Pluto Press, 1971); and "Industrial Conflict and the Political Economy", in R. Miliband and J. Saville (eds.) The Socialist Register 1973 (London, Merlin, 1974).
 2. R. Hyman, Strikes (London, Fontana, 1972), pp.83-9; V.L. Allen, Militant Trade Unionism (London, Merlin, 1966).
 3. V.L. Allen, 'The Centenary of the British Trades Union Congress', in R. Miliband and J. Saville (eds.), The Socialist Register 1968, (London, Merlin, 1968), p.158.
 4. M. Kidron, 'Capitalism - the Latest Stage', and T. Cliff, 'The Class Struggle in Britain', in N. Harris and J. Palmer (eds.), World Crisis (London, Hutchinson, 1971); B. Rowthorn, 'Unions and the Economy', in R. Blackburn and A. Cockburn (eds.) The Incompatibles Trade Union Militancy and the Consensus, (Harmondsworth, Penguin, 1967).

3. Marxists took advantage of the findings of academic sociology to counter the argument that affluence would lead to a decline in class identity. Within the sphere of industrial relations this included evidence that even if traditional solidarities were dissolving there was little sign of a replacement of collectivism by individualism; and some Marxists drew comfort from the decline of traditional working-class loyalties because these were seen as part of an early, limited stage in the development of workers' consciousness.¹ The increase in industrial conflict in the 1960s enabled Marxists to supplement these points with a further argument and predict an increasing and militant class solidarity as (perhaps by 'explosions of consciousness'² in the course of specific disputes) groups of workers came to realise that they were all engaged in the same struggle against capitalism.

4. Changes in the occupational structure were seen as forcing increasing numbers of white-collar workers into a proletarian situation. This was the consequence of the increasing scale of organisation and the rationalisation of work, resulting in an homogenisation of the workforce.³ The rise of several militant technicians' unions in the mid-1960s led strength to this expectation and it was further fortified by the major growth of white-collar unionism after 1968.

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1. J. Westergaard, 'The Withering Away of Class', in P. Anderson and R. Blackburn (eds), Towards Socialism, and 'The Rediscovery of the Cash Nexus' in R. Miliband and J. Saville (eds), The Socialist Register 1970 (London, Merlin, 1970).
 2. R. Blackburn, 'A Brief Guide to Bourgeois Ideology', in A. Cockburn and R. Blackburn (eds) Student Power (Harmondsworth, Penguin, 1969).
 3. H. Frankel, Capitalist Society and Modern Sociology (London, Lawrence and Wishart,) 1970, pp.184-208; T. Cliff in N. Harris and J. Palmer (eds), World Crisis; R. Blackburn in Blackburn and Cockburn (eds), The Incompatibles . . .

5. This process would lead to new subjective class identities, corresponding more exactly to the historic class division, being forged.¹

6. Marxist writers had shared in the general attack on the thesis of the managerial revolution. They now argued further that managerial rule was likely to become increasingly coercive and more blatantly allied to capitalist interests as it sought to resist workers' demands. At the same time, the impact of industrial concentration and the growing importance of technical skills were considered likely to lead to an increase in the power of management over workers.²

7. The same process of increasing technical knowledge also provided the basis for^a new ideological legitimation of industrial power, providing a "technological imperative" that could be used to support management's position and undermine workers' counter-vailing claims.³ In the face of growing wage militancy the state and industry developed new ideological defences of the hierarchy of incomes and of managerial prerogatives. In some accounts this legitimation of technological rationality generated a total ideology which imposed heavy constraints on the search for political alternatives and choice.⁴

1. See most of the contributions to the volumes edited by Harris and Palmer op.cit. and Blackburn and Cockburn (1967), op.cit.

2. N. Birnbaum, The Crisis of Industrial Society (New York, Oxford University Press, 1969), pp.37-40.

3. T. Cliff, The Employers' Offensive: Productivity Deals and How to Fight Them, (London, Pluto Press, 1970).

4. J. Habermas, Towards a Rational Society, (English edition: London, Heinemann, 1971), chap.6.

8. Writers from even a partially Marxist position had never accepted the contention that economic and political power had become fully differentiated, arguing that there was (at least in Britain) considerable overlap between the personnel in diverse elites, or at a deeper structural level pointing out the dependence of capitalist economic relations on the undergirding legal support of the state.¹ By the late 1960s new arguments had developed to support this position, in the form of the growing incidence of state intervention in support of the processes of the modern economy, and in particular in the disciplining of labour.

9. Marxists had consistently rejected as spurious the idea of universal citizenship through political rights and the welfare state. By the late 1960s the "bogus" nature of working class participation in political life was considered to be demonstrated by the increasing subordination of politics to economic and technological imperatives, with what was taken to be the consequent alienation of the working class from the political system.² The welfare state was seen as a necessary part of capitalist infrastructure, providing a workforce which was sufficiently stable, healthy and educated to perform its industrial tasks.

10. Similarly, the institutionalisation of conflict, involving in the industrial sphere the incorporation of unions into a collaborative association with the state and management, was seen as a device for

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1. F. Parkin, Class Inequality and Political Order, (London, McGibbon and Kee, 1971), pp.26-8; J. Westergaard and H. Resler, Class in a Capitalist Society (London, Heinemann, forthcoming), p. 200.
 2. B. Hindess, The Decline of Working Class Politics (London McGibbon and Kee, 1971).

castrating and limiting conflicts which would otherwise enable workers to enter into a full class-conflict situation.¹ However, the process of growing intensification of conflict, growing concentration of industry, and growing intermingling of state and economy were seen as eroding these institutional constraints.²

11. Although certain pessimist strains of Marxist thinking echoed the premonitions of some of the "1950s writers" that the social basis of political conflict was being eroded in modern industrial society,³ the more common conclusion from the above developments among Marxists was, as has been already indicated, that the new conditions of modern capitalism, combined with the re-emergence of industrial militancy, would gradually lead to a reactivation of working-class politics, the formation of new political institutions to give expression to the struggle, the laying bare of the class structure and thus ultimately the decisive class conflict.

The main weight of criticisms of these arguments from academic sociology has questioned two aspects: (1) the assumption that, as history progresses, so the struggle will inevitably culminate in a major social change, the main problem of this assumption being that it renders Marxist analyses immune to all empirical examination because the resolution of developments is postponed to an indefinite future; (2) the optimism that

1. V.L. Allen, Militant Trade Unionism, p.33.

2. Blackburn, in Blackburn and Cockburn (eds), The Incompatibles

3. N. Birnbaum, The Crisis of Industrial Society; H. Marcuse, One-Dimensional Man, (London, Routledge and Kegan Paul, 1964).

working-class consciousness will eventually assume classical Marxist dimensions; just as sociology cast considerable doubt on the doctrine of embourgeoisement, so the very same pieces of research have clashed with Marxist expectations.¹

It is noteworthy that the major debates in sociology on these issues have concerned the working class and in particular its subjective perceptions. Important though this has been, one of the consequences of this pre-occupation has been a relative neglect of structural developments, and developments in the activities of dominant classes. As has been shown above, the theories of both the 1950s literature and the neo-Marxists cover these other dimensions. It is therefore important that they are also tackled by academic sociology. What are the developments over the past 15 years which now make so much of the 1950s theories seem outdated and wrong? And if that analysis no longer seems an adequate description of British society (if it ever did), how adequate is the alternative Marxist account? If neither school of thought provides a satisfactory account, is there a third analysis which may more adequately interpret events? Change in national industrial relations policy is by no means the only dimension which is relevant to this question, but it is certainly a crucial one. A study of the changes will therefore enable us, in the final chapter, to return to the two opposed theories set out here in order to evaluate their rival interpretations of more recent developments. Is it the case that the intensification of industrial conflict has further invalidated the 1950s theories? And if so, has the movement of events been in the direction anticipated by the Marxist interpretations?

1. J.H. Goldthorpe et al The Affluent Worker; and J.H. Goldthorpe, 'Class, Status and Party in Modern Britain: Some Recent Interpretations Marxist and Marxisant', Archives Européennes de Sociologie, Vol. XIII, pp.342-372(1972); for a Marxist response, see J. Westergaard, The Rediscovery of the Cash Nexus, in R. Miliband and J. Saville, The Socialist Register 1970.

CHAPTER 2

INDUSTRIAL CONFLICT AND CLASS RELATIONS

The compromise in British industrial relations and its erosion can be treated purely in terms of an industrial relations system with employers, unions and workers regarded simply as interest groups. But industrial conflict is conflict of a particular kind: that between the dominant and subordinate parties in a relationship which concerns a central social question: the distribution of the proceeds of economic activity. In other words, industrial relations are inextricably linked with class relations, and the compromise in industrial relations also marked a compromise in class relations, a fact which was recognised by both the opposing schools of literature discussed in chapter 1 but which is often neglected in the specialised literature on industrial relations.¹ It is not possible to account fully for developments in industrial conflict without setting them in this wider context. In this chapter a particular approach to the study of class relations will be explored, with special emphasis on those aspects which show the relationship to them of industrial relations.

With the major exception of that of Dahrendorf,² nearly all accounts of class structure see it as being primarily concerned with economic and

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1. A similar point is made by S. Hill; 'Norms, Groups and Power: the Sociology of Workplace Industrial Relations', British Journal of Industrial Relations, Vol. XII, No. 2, (July 1974); and by J.E.T. Eldridge, 'Industrial Conflict: Some Problems of Theory and Method', in J. Child (ed) Man and Organisation (London, Allen and Unwin, 1973)
 2. R. Dahrendorf, Class and Class Conflict in an Industrial Society (English edition: London, Routledge and Kegan Paul, 1959)

occupational relationships,¹ and several of these are joined by Dahrendorf in regarding as the central relationship of class that between the dominant and subordinate roles in a power relationship² which is inherently conflictual.³ The foundation of this lies in the scarcity of the material resources which men desire,⁴ their need in nearly all societies to organise themselves in order to work to increase those resources and prepare them for consumption, and the tendency for the organisations thereby created to generate positions of domination and subordination which in turn imply conflicts of interest over both the organisation of work and the distribution of its proceeds. From this stem inequalities across a whole range of aspects of life, because hierarchical position and its associated distribution of material resources in the crucial institution of occupational organisation have wide implications. To analyse class in this way is to start from Dahrendorf's identification of authority as the crucial dimension, but by placing the emphasis on the particular authority relationship surrounding the organisation of work (i.e. relation to the means of production), we are able to recapture the economic meaning of class as used in most other theories.⁵

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1. This is obviously the case with literature in the Marxist tradition, but prominent examples can also be found in other schools, for example, E. Shils, 'On Deference', in J.A. Jackson (ed) Social Stratification (Cambridge, at the University Press, 1968) pp.110-1; O.D. Duncan, 'A Socio-Economic Index for all Occupations', in A.J. Reiss et.al Occupations and Social Status, (New York, Free Press of Glencoe, 1961) p.117.
 2. For example, R. Dahrendorf, 'Aspekte der Ungleichheit in der Gesellschaft', Archives Européennes de Sociologie, Vol.1, No.2. (1960), pp.221-3; G. Lenski, Power and Privilege (New York, McGraw Hill, 1966), p.75; J.H. Goldthorpe, D. Lockwood et al, The Affluent Worker in the Class Structure (Cambridge, at the University Press, 1969), pp.162-3.
 3. R. Dahrendorf, Class and Class Conflict..., chap.5.
 4. G. Lenski, Power and Privilege, p.x .
 5. As (R. Bendix) and S.M. Lipset expressed the point in an early criticism of L. Warner's stratification approach:
 "The analysis of social class is concerned with an assessment of the chances that common economic conditions and common experiences of a group will lead to organised action."
 'Social Status and Social Structure: a Re-examination of Data and Interpretations', British Journal of Sociology, Vol.II, No.2 (1951)

Class is thus treated here as an analytical relationship rather than as the identification of empirical groups of persons. To some extent this is to adopt the approach of the French structuralist Marxists, who see concrete human persons as simply the 'bearers' of structural variables.¹ The present analysis differs from them in that, having demonstrated the relevance of class factors 'in the last analysis', attention here is concentrated on the many intervening variables that distort and obscure those factors in everyday society. No assumptions are made concerning the inevitability of class relationships ultimately being revealed as the only 'true' variables affecting social relations. Rather, the connection between class and everyday social relations is seen as one of continuing complexity, with most changes being interpretable as changes in the way that class factors are mediated, rather than as steps in the progressive revelation of class in all its nakedness. It is therefore important to consider the range of available complexity.

An important aspect of that complexity is the relationship between the dichotomous analytically distinguishable positions of the relationship and empirical groups. By no means will it always be possible to identify two, or even a small number of, discrete classes in any particular society, or readily to allocate each person in a society to a class. In all complex societies the dominant/subordinate relationship is highly differentiated. The idea of class is relevant to that differentiation,

1. See particularly the work of N. Poulantzas, principally Political Power and Social Classes (English edition: London, New Left Books, 1973), and 'The Problem of the Capitalist State', New Left Review, No.58, November-December 1969.

because the position of most occupational groups can be defined in terms of domination and subordination. But that is not to say that they can be unambiguously allocated to a particular 'class'. Further, class, though originating in economic relations, has implications in the political and ideological dimensions of society; there is considerable scope for 'distortion' in those implications, while political and ideological dimensions have aspects which are nothing to do with class, adding further complexity. In particular, there are processes which institutionalise the operation of relations in any one of these dimensions, preventing their overflow into the others. There are two aspects to this institutionalisation: first, isolation, whereby relations within one sphere are 'insulated' from those in the others, limiting their points of contact;¹ second, the development of social rules of conduct which channel and limit actions within a particular area, containing their wider implications, both within and between dimensions.²

There are therefore several major processes which counter the simple application of a domination/subordination dichotomy to a concrete society.³ The operation of these will now be considered in so far as they relate to the relationship between the underlying dichotomy and industrial relations.

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1. This is the process which Poulantzas (1973) ibid would describe as the 'relative autonomy' of the political and ideological dimensions.
 2. R. Dahrendorf, op.cit., chap. VI
 3. Similar points are made in Lenski, op.cit., p.79; and in P. Townsend, The Concept of Poverty (London, Heinemann, 1970), pp.23-5 where further elements of complexity within the economic dimension are considered.

The Labour Contract

At the core of both class relations and industrial relations is the economic relationship of domination and subordination: the labour contract. In exchange for his wage the worker places his labour at the disposal of the employer. This relationship is distinguished from other commercial contracts in that the worker accepts a role of subordination. It is because of this 'authority step'¹ that the exchange is an inherently unequal one. For a specific wage payment the employer acquires a generalised capacity to control the labour. For such a relationship to persist the worker must be more dependent on holding his job than the employer is on retaining him;² or as Blau has formulated a similar point, an exchange becomes unequal when one party to it has more freedom to choose whether or not to enter the relationship.³ There are several elements of the employment relationship which can provide this criterion for the employer under capitalist economic relations. The simplest and most effective is a high rate of unemployment,⁴ but also relevant is the greater flexibility and mobility of capital in comparison with labour, and the need for the worker to work in order to survive. Different social arrangements will increase or reduce the

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1. R.Dahrendorf, 'Aspekte der Ungleichheit^h in der Gesellschaft'.
 2. W. Baldamus, Efficiency and Effort (London, Tavistock Publications, 1961), chap.9.
 3. P. Blau, Exchange and Power in Social Life (New York, Wiley, 1964) esp. ch.5; see also A. Fox, Beyond Contract: Work, Power and Trust Relations (London, Faber, 1974), p.182.
 4. A. Fox, A Sociology of Work in Industry, (London, Collier-Macmillan, 1971), p.55.

strength of these dependencies, with implications for the particular form of relations and the kind of power which can be exercised.

It is important that this point is grasped, because there is a tendency in much discussion of industrial relations to assume a formal 'equality' of power because of the two-sided nature of the bargaining situation and the ability of both sides to wield sanctions. Indeed, it is frequently argued that workers are now 'more powerful' than their employers because of the potency of the strike weapon. However, unless we are describing a situation where the employment relationship is breaking down entirely, such statements overlook the necessary inequality of structural position implied by the labour contract. It may well be the case that within the terms of the relationship subordinates are occasionally able to exercise more situational 'power'; but this should not obscure the fact that the employment relationship is necessarily one in which one party places itself under the control of the other.¹

These points stress the negative constraints over labour in the employment relationship, but once wages move above subsistence levels they can provide a more positive inducement to obedience.² The fact that the worker is paid from wealth which he has himself helped to create provides the basis for the employer's capacity to reward, and in a situation where the product of labour is rising obedience may be secured

1. R. Hyman, Strikes (London, Fontana, 1972), pp.91-4.

2. Wages are interpreted similarly in W. Baldamus, op.cit., chap,1.

by constantly improving economic rewards. Some discussions, starting from a Weberian distinction between power and its legitimation in the authority relationship, treat economic reward as a part of legitimation.¹ But economic reward does not legitimate in the sense of imparting a moral acceptance, though it may contribute to this if the dominant group is identified by subordinates as the originator of the material rewards. Obedience in exchange for reward constitutes in itself what Etzioni calls 'instrumental compliance',² and as such is to be contrasted with the normative compliance which comprises legitimacy. For example, a purely instrumental compliance will cease once the supply of rewards ceases, while legitimacy is a deeply rooted value-orientation. It is possible here to treat instrumental ties as the positive aspect of market relations and not as an aspect of legitimacy, because we are treating the negative aspects of those relations as an independent source of cohesion and not as a form of political power relations as in the Weberian model of authority.³ This point becomes particularly important when considering the distinctive nature of class relations in capitalist society. The employment relationship in such a society is not one of political power: it is an exchange relation which has profound power implications. The formulation adopted here enables us to recognise that

1. A. Fox, op.cit., pp.41 ff.

2. A. Etzioni, A Comparative Analysis of Complex Organisations (New York, The Free Press, 1961).

3. M. Weber, Economy and Society (English edition: New York, Bedminster Press, 1968) Part I chap.III; Part II, chap.X.

distinctiveness of exchange relations which was so important to 19th century liberalism, while at the same time pointing out the way in which a power element necessarily enters the exchange.

The exchange relationship around employment provides the basis for the fundamental dichotomous class model, with the class which buys labour and then deploys it being the dominant class in the unequal exchange, and that which offers labour and subjects itself to control constituting the subordinate class. The inequality of the exchange implies at one and the same time an inequality of economic reward and an authority relationship; and it is in the capacity of these dimensions to have major consequences for the lives of actual persons that the tendency for class relations to assume an empirical form consists. However, this empirical form is far more complex than the simple model implies. This complexity involves consideration of two separate dimensions: variation in the factors which ensure that the relationship is an unequal one, and the scope for a variety of concrete positions around the underlying dichotomy. On the first point, some of the potential sources of variation have already been mentioned. For example, as noted above, the inequality of the employment relationship may be maintained because a high rate of ^{un}employment dramatically reduces the power of labour, or it may be that the sheer size of material resources available to capital enables it to pay large sums to secure control over labour even without high unemployment. In both cases the underlying structural relationship is the same: an inequality of resources providing one side of the exchange with greater choice and hence rendering the exchange unequal; but the two situations are very different indeed in their implications for life chances, their likely effect on the

subjective perception of the employment relationship, and the kinds of relations between employers and employees which they will generate.

Although positive and negative elements will both be present in most instances of employment, an important historical shift in the general balance occurred from World War II onwards as, in the development now known as Keynesianism, economic policy in the West moved away from reliance on heavy unemployment towards a policy of full employment sustained by economic growth, mass consumption and a high level of public spending. Probably for the first time in history, relations of economic domination were now being sustained by positive as well as negative sanctions on a large scale. This important transformation is probably the most important of all the changes identified by the '1950s literature' discussed in the previous chapter.

On the second point we encounter the many different ways in which the underlying structural positions become actual social roles. To take familiar examples, the function of employer may be institutionally separated into ownership and control; workers who are in some aspects of their social role employees may also operate delegated authority functions; and in a complex industrial society nearly all workers possess skills and accumulated experience which increase their scarcity value over and above that of the simple concept of labour power implied in the notion of 'subordination'. This last is particularly important in that it not only erodes certain aspects of the unequal exchange, making the employer dependent on the worker, but also produces multiple distinctions within the subordinate class. It was of course to the erosion of differences of this kind that Marx looked when envisaging a sharply defined class society. Weber, in attempting to produce a model of class that would deal with actually existing societies, added the

possibility of classes being formed on the basis of these divisions among subordinates.¹ Giddens suggests that this raises more problems than it solves, in that it does not define discretely distinguished classes in terms of a relationship;² his own approach is to demonstrate how these myriad different positions can be assimilated to a few broad bands by distinguishing between property, skills acquired through education and labour power, giving him what he acknowledges to be a rough three-class model.

Now, these

'classes' are certainly related to the underlying analytical relationship, and they may well be useful distinctions to make for a series of empirical purposes. But in no sense do the points of division really mark off analytically discrete categories; they signify more or less clear breaks along a continuum of positions. This fact indicates the 'untidy', constantly ambiguous nature of class divisions in a complex industrial society, a point which is too readily forgotten when groups are referred to in shorthand terms as actually being 'classes' with a consequent misplaced concreteness.⁴ It is particularly important to bear this in mind in a study like the present one. Within industrial relations the analytical distinction between domination and subordination is

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1. M. Weber, ibid, Part I, chap.IV .
 2. A. Giddens, The Class Structure of the Advanced Societies, (London, Hutchinson, 1973), pp 101, 2
 3. ibid., chap.6.
 4. J. Westergaard and H. Resler (in Class in a Capitalist Society (London, Heinemann, forthcoming) accept a similar lack of concern for the identification of precise class 'boundaries', but partly because of the great weight which they place on property (pp 27-29). While this is a valuable corrective to the emphasis of most recent research, it does involve ignoring some troublesome areas.

constantly present and very salient, and it becomes very tempting to translate this into simple monolithic categories of people who constitute these two classes. This would be an over-simplification, even if provision is made for a third intermediate class as is done by Giddens. The tensions between the analytical positions and empirical groupings is itself an important variable within the industrial relations situation, and these points will become relevant at later stages in the study.

In a similar analysis to that of Giddens, Parkin¹ takes further the process of simplification in relating empirical classes to an analytical relationship. He attempts to fit the entire population into two classes (dominant and subordinate) on the basis of empirical observation of life chances and very generalised statements about the nature of dominant and subordinate roles. The importance of the non-manual/manual division for several aspects of life chances leads to its treatment as the crucial cut-off point in a two-class model (allowing for a few ambiguous groups in the middle) which is then treated as though it were an analytical relationship category. But the manual/non-manual barrier is not the domination/subordination barrier though many of the factors which support its importance are the product of different relations to subordination and domination. Much of the emphasis in these attempts is placed on inequalities in fringe benefits at work, or cultural differences.² Important though these are in

1. F. Parkin, Class Inequality and Political Order (London, MacGibbon and Kee, 1971), chap.1.

2. Parkin, ibid., pp.25,26; Giddens, op.cit., chap.6.

producing stratification divisions they cannot really stand as the crucial point of division in a two-class model of society. Parkin does go further than this (and follows an approach similar to that here in relating economic and political dimensions) by suggesting that inequalities of political influence and participation also follow the manual/non-manual division.¹ But to conclude from this, as he does, that the entire non-manual population constitutes a political ruling class is stretching definitions too far. These discontinuities between different occupational groups which have been identified by empirical sociology can help provide what Ossowski² describes as the structural criteria of class gradation which break up the continuity of a system of social status, giving a model of social stratification which may have a close relationship to a class relationship, but it is difficult to see how it can be equated with the dichotomous division itself. This latter remains an identifiable relationship in terms of which empirical occupational positions may be analysed, but it will not necessarily be a means of identifying discrete concrete groups of people.

This point has become even more important in the years since Weber identified the importance of labour-market position to class relations. The bureaucratisation of employment has weakened the extent to which occupations can be grouped in qualitatively distinguishable types, replacing that structure with a lengthy continuum of finely

1. Parkin, ibid., pp.26-8.

2. S. Ossowski, Class Structure in the Social Consciousness (London, Routledge and Kegan Paul, 1963), pp.94-5.

differentiated positions.¹ At the same time, groups of subordinates have combined to exploit more actively the scope for advancement and counter-vailing power available to them through their labour market position.² In practice very few subordinates occupy utterly subordinate positions, as in the Marxist conception of the proletariat ('a man who is unprotected from the extremes of exploitation by any special qualifications which would prevent him from being replaced by another worker with equal physical strength'³).

Industrial relations concern several of these aspects of class. Clearly they are considerably affected by whether the labour contract relies on predominantly negative (unemployment) or positive (growth) sanctions. In the former situation labour is weak, and its struggles are characteristically defensive, while the employment relationship is experienced as coercive. On the other hand a context of economic growth and full employment may strengthen labour and also enable pay demands to be satisfied without prolonged conflict and bitterness. In this case, workers' demands do not confront the employment relationship as a pattern of class domination; increases can be secured without any direct confrontation of class interests.⁴ The conflict is not a

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1. This observation has been made by several writers: G.D.H. Cole, Studies in Class Structure, (London, Routledge and Kegan Paul, 1955) p.107; R. Dahrendorf, 'Recent Changes in the Class Structure of European Societies', Daedalus, Winter 1964; J.A. Banks, Marxist Sociology in Action (London, Faber, 1970), chap.11; R.P. Dore, British Factory - Japanese Factory (London, Allen and Unwin, 1973), chaps.10,13.
 2. Banks, op.cit., p.79 ff.
 3. Ossowski, op.cit., p.79.
 4. A. Flanders and A. Fox, 'Collective Bargaining: From Donovan to Durkheim', in A. Flanders, Management and Unions, (London, Faber, 1970), p 258

'zero-sum' game and is therefore robbed of one of the distinctive characteristics of class relations. It remains class-related in that it has to do with relations of economic domination, but the identity of discrete class interests will be highly unclear. On the other hand, of course, given the diminution in the importance of negative sanctions, there is little to prevent workers making constant demands for such improvements. In contrast with the prolonged, defensive strikes characteristic of negative sanctions, workers' demands will be opportunistic, fragmented, and frequent.¹ As Lenski points out:

"In societies in which the GNP and per capita income are rapidly rising, and promise to continue rising, elites find themselves in the paradoxical situation in which they can maximise their net input of rewards by responding to pressures from below and making certain concessions. By granting the lower classes some share in the economic surplus, they can reduce worker hostility and the accompanying losses from strikes, slowdowns and industrial sabotage."²

The conflictual potentialities of labour's demands for higher incomes can be averted by meeting increases out of increased total wealth. Not only does this avoid class confrontations over distribution, it also adds an important element of mutuality to the employment relationship; co-operation by workers and management can lead to increased incomes more immediately than can conflict.

Occupational differentiation is also clearly relevant to the fact that industrial relations rarely relate to class relations directly. First, the function of domination may be so divided among different structural positions that it cannot be identified as a clear social

1. *ibid.*, pp.255 ff; see also W. Baldamus, Efficiency and Effort, chap.1.

2. G. Lenski, Power and Privilege, p.314.

group. Here the separation of ownership and control in the rise of managerialism is relevant, whatever its ultimate limitations; when coupled with the mediated form of positive sanctions discussed above, it may result in the disappearance from day-to-day industrial relations of a readily identifiable dominant interest.¹ The actual task of negotiation is carried on by professional managers whose own position is quasi-dominant, quasi-subordinate, while economic growth is in any case providing the resources for any gain by subordinates. This reaches its ultimate development within the public sector, where the dominant function is completely depersonalised.

Alongside the structural differentiation of dominant roles, a high degree of occupational diversification also differentiates subordinates. Given the different positions of different groups of subordinates within the market relationship, demands may be launched on behalf of small groups, or specific occupational categories, without any reference at all to wider class categories. This also makes it possible for demands from one group to be met by a redistribution to it of resources which would otherwise have gone to other subordinate groups,² thereby advancing yet further the process of disassociation already indicated by the differentiation of the dominant role. Finally, since subordinates occupy a range of market positions and few are strictly proletarians, the basis of organised labour's strength

1. R.P. Dore, op.cit., chap.9.

2. A. Flanders and A. Fox, From Donovan to Durkheim.

is not simply the fact of organisation. Workers may make use of their combination to exploit the existing market advantages of their position. This is an important point, for it indicates the intricate relationship between the criteria which determine a group's position under the market system itself and the criteria of counter-vailing power. Only when organised labour falls back on its sheer force of organisation does it totally confront the criteria of the market system and in practice this happens ^{very rarely} ¹. When groups of workers use their organisation to manipulate or perhaps simply to give expression to their market strength, there is still conflict but it is not so profound. The conflictual element consists in the workers' attempt at manipulating their market position or in challenging a managerial interpretation of it; but there is no confrontation with the use of market criteria as such.²

1. There is some evidence that this was true even of what was originally considered to be the organisation of unskilled workers in the 1880s and 1890s. See H.A. Clegg, A. Fox and A.F. Thompson, A History of British Trade Unions since 1889, Vol. I, 1889-1910, (Oxford, Clarendon Press, 1964), chap.2.

2. J. Banks, op.cit., pp.79ff.

The state in class society

The market relation itself, as has been seen, imparts a degree of power to the employer. This is, analytically, a different power from that possessed by the state within the society as a whole, which is ultimately the power of the effective monopoly of the legitimate use of the means of violence.¹ Evidently the market exchange power of dominant interests will be greatly strengthened if it is supported by the state and the law. Pari passu, a dominant class will experience considerable difficulty if the state is hostile to the particular mode of production which secures its dominant position (as happens, for example, to capitalism under both feudal and communist states), for there will then be a fundamental conflict between the rules of market relations and the law. As a result, therefore, an established class structure will have a political as well as a market dimension; domination will be secured, not only by the terms of the exchange relationship itself, but by the power of the state. It is in this sense that Marx could argue that, in a pure class society, political power was a reflection of the power of the dominant class.² This political support may take several forms. At the minimum the state must accept, and probably support with law, the subordination of labour under the contract of employment, and the rule (crucial to unequal exchange) that the mass of the population may only receive the material resources necessary for survival if they work. But the state may go further

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1. M. Weber, *Economy and Society* pt. chap.
See N. Poulantzas, Political Power and Social Classes, for a Marxist approach which accepts a 'relative autonomy' for the state.
 2. K. Marx and F. Engels, Manifesto of the Communist Party (edition of D. Ryazanoff: New York, Russell and Russell, 1936), p 28

and intervene on a day-to-day basis to assist the subordination of labour, and may also regulate aspects of the economy as a whole in order inter alia to maintain the balance of an unequal market exchange.

However, it cannot be assumed ex hypothesi that the state will always act to support dominant interests, even though there may be doubt over the possibility of continuing endemic conflict between the two. Various subordinate social groups may gain access to the state through such devices as suffrage, pressure groups or protest, with the result that the day-to-day operation of political power is by no means a mere reflection of dominant class interests.¹ Indeed, in liberal-democratic societies, where votes are more equally distributed than material wealth, it may frequently appear that, in day-to-day affairs, the state is a counter-vailing force against the operation of the market.² It is upon this possibility that the whole structure of reformist socialist political parties has been based.

Because of the abiding reality of the underlying structure, it will frequently be possible to demonstrate that the state is 'an institutional complex which is the political embodiment of the values and interests of the dominant class'³ by showing how, empirically, social groups in dominant or near-dominant positions gain special access

1. R. Bendix, 'The Lower Classes and the Democratic Revolution', Industrial Relations, Vol.I, No.I, 1961; T.H. Marshall, Citizenship and Social Class (Cambridge, at the University Press, 1950), G. Lenski, Power and Privilege.

2. For example, in Lenski, ibid., p.341.

3. Parkin, Class, Inequality and Political Order, p.27.

to political resources.¹ But it will also be possible to show the operation of the state in contrary directions. Finally, the process of institutionalisation may serve to insulate political processes from economic. This may be highly complex. Institutionalisation may serve to protect either economic or political elites from dissent, and contain such dissent as is expressed. But at the same time it may facilitate a pluralism of resources limiting the extent to which the powers of the state and of economically dominant interest coincide.

All these sources of variation in the functioning of the state have implications in the industrial relations system. Does the state intervene as an active party, or does it simply 'hold the ring', establishing a background of legal constraints? In either case, what patterns of influence from dominant and subordinate industrial interests can be identified as having affected the state's operations? To what extent do the industrial relations institutions insulate political and economic conflicts from one another? There is considerable scope for variety among societies on each of these dimensions, and in each case it is possible to discern the system's contribution to class structure.

1. As in R. Miliband, The State in Capitalist Society, (London, Weidenfeld and Nicholson, 1969).

Class ideology

The third dimension of class relations, that of ideology, contributes to the maintenance of domination, not through the imposition of material constraints on subordinate groups as do the two former dimensions, but through its effect on the subjective orientation of subordinate groups themselves. In our formulation of the problem that class structures have of inducing continued participation from subordinates, we have so far assumed a tendency for these subordinates to reject or evade domination. If in fact subordinates accept the essential rightness of their domination or have very low expectations so that they do not question their situation, or do not even perceive their situation as being one of subordination, the problem of the need for external constraints will not arise. It is here that ideology plays its part. In Marxist terms this is seen as the generation of ideas supportive in a very general and total way of the whole order of social relations which buttresses the position of the dominant class.¹ More specifically and less ambitiously, the Weberian concept of legitimation may be considered to refer to a similar process: to the patterns of ideas which justify an authority to those who are subject to it.² More specifically still, ideas may define certain social positions as carrying intrinsic entitlements to recognition of superiority, or to the enjoyment of certain standards of life; and, by the same token,

1. For important discussions of the functions of ideas in supporting elite positions, see K. Mannheim, Ideology and Utopia, (London, Routledge and Kegan Paul, 1936), esp. p.36; and P. Thoenes, The Elite in the Welfare State (English edition: London, Faber, 1966), pp.48-9.

2. M. Weber, op.cit., Pt.II, chap.X.

other positions will be defined in terms of negative entitlements. In this way the concepts of ideology and authority legitimation become closely related to the notion of social status.¹ The crucial intervening idea which relates them is deference, for it is deference which distinguishes authority relations from other social relations, and it is deference which marks the boundaries between subjectively defined and hierarchically ordered statuses.² It is also important to note that, like ideology but not necessarily like the concept of legitimation, status implies a broadening of the subjective basis of a group's position to mean not just a specific justification, but an entire life-style.³

But class position and status may not coincide - and it was of course in order to draw attention to that possibility that Weber developed the concept of status as distinguished from class in the first place.⁴ Ideas of social superiority may be generated from other sources than economic position, though this will always be a powerful factor affecting status patterns. The inter-relationship between class and status adds further complexity to the practical manifestation of class relations. Further variation is introduced by the wide range of

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1. F. Parkin, op.cit., p.42; A. Fox, Beyond Contract...., p.37.
 2. E. Shils, in J.A. Jackson (ed) Social Stratification, esp.pp.107, 115,116.
 3. R. Bendix, 'The Lower Classes and the Democratic Revolution', p.132.
 4. M. Weber, op.cit., Part II, chap.IX, section 6.

differences in the extent and degree of diffuseness of the deference demanded by a legitimation. The central historical contrast here is between traditional societies in which dominant elites laid claim to a generally exalted position, which was at times legally prescribed, and modern industrial societies where elites seek only a specific and institutionally defined deference.¹ Particularly in functionalist theories of society this specificity may be related to the division and specialisation of elite positions themselves in the process of structural differentiation.² In some ways modern status groups are but a pale shadow of the stronger medieval concept of estates.³ Several factors are related to this, including the declining importance of religion as a source of legitimation,⁴ and its replacement by the prosaic and challengeable claims of rationality.⁵ At times, in fact, modern elites appear to seek a justification for their work, not by proudly proclaiming their superiority as did traditional elites, but by denying that they exist,⁶ and relying on manipulation rather than commands.⁷ This factor,

1. P.Thoenes, op.cit., p.50.

2. S.Keller, Beyond the Ruling Class (New York, Random House, 1963), pp.140-1.

3. S. Ossowski, Class Structure in the Social Consciousness, p.51.

4. F.Parkin, op.cit., pp.70-1; S.Keller, op.cit., p.219.

5. R. Bendix, Work and Authority in Industry (New York, Wiley, 1956); A Gouldner, Patterns of Industrial Bureaucracy, (London, Routledge and Kegan Paul, 1955), pp.144, 221.

6. S. Ossowski, op.cit., p.154; C.W. Mills, The Power Elite (New York, Oxford University Press, 1956), p.336.

7. Mills, ibid., pp.316-7.

combined with the phenomenon of specialisation referred to above, is related by some authors to a process of anomie and declining moral order within society as a whole, with resulting problems of a lack of cohesion.¹

At the level of ideology, industrial relations are concerned with the particular ideologies which seek to legitimate managerial authority, and with ideologies which exist among the work-force to challenge that authority. If one accepts that the labour contract embodies a form of power, industrial relations provide as good a field as political order for exploration of the Weberian concept of authority as constituting a combination of power and legitimacy. Baldamus has indicated how not just specific legitimacy norms but a wide range of beliefs reaching into earlier socialisation may support employers' authority.² Fox has suggested the complementary nature of managerial power and ideology, arguing that the more that ideological cohesion is present the less will recourse to power be necessary for dominant interests.³ Alternatively, increased scope for positive economic sanctions may reduce the need for ideological appeals.⁴ It has been argued that automatically by accepting employment workers sanction the right of the manager to command and to expect and enforce obedience.⁵ Although this may be true in a formal

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1. S.Keller, Beyond the Ruling Class, p.219.
 2. W. Baldamus, Efficiency and Effort, Introduction.
 3. A. Fox, A Sociology of Work in Industry, op.cit., pp.49-54; Beyond Contract....., pp.88, ff.
 4. G. Lenski, Power and Privilege, p.307.
 5. T.T. Patterson, Glasgow Ltd. (Cambridge, at the University Press, 1960). pp.218-9.

sense, in practice it is highly problematic. The kind of legitimation attempted by management will depend on its social role. In societies in the early stage of industrialisation, employers may be able to borrow the generalised deference of a traditional ruling class.¹ In a modern functionally differentiated society management may take the opposite approach and stress the specificity and essential rationality of its role,² developing techniques of human relations and scientific management in a deliberate attempt to play down the aspects of power in the relationship:³

"When economic power is concentrated in business, management tends to consider the workers as members of the company first occupationally, by adopting . . . systems of job evaluation, i.e., by substituting evaluation of a job's level for evaluation of a man's skill, and by emphasising training, promotion or occupational upgrading; second, economically, by discussing wages and working conditions with union representatives; and finally in a social sense, through a policy often called 'human relations', one of whose effects is to break down the hierarchical traditional relations fraught with class connotations and to give the social relations within the business greater autonomy compared to those which continue to exist in the society at large The decline of traditional class relations is thus connected to the transition from extensive action on the worker as a 'whole man' to intensive action in terms of his occupational role."⁴

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1. R. Bendix, Work and Authority in Industry, chap.2.
 2. A. Briggs, 'Social Background', in A. Flanders and H.A. Clegg (eds). The System of Industrial Relations in Great Britain, (Oxford, Blackwell, 1960), p.35.
 3. R. Bendix, op.cit., chaps. 4,5.
 4. A. Touraine, 'Management and the Working Class' in Daedalus, Winter, 1964, p.315.

At the level of status identities and expectations, industrial relations are considerably important. Aspects of this relate closely to the factor of occupational structure considered above. This is a question of the reference groups which workers adopt, beliefs they develop about the relationship which their position ought to bear to other groups (such as management, different kinds of workers, or workers defined as doing 'similar' work), or general expectations about their standard of life and approach to work. Again, there is scope for considerable variety in this, ranging from low, fixed deferential expectations to rising expectations based on identification with a range of pragmatically held status identifications, and on further to class-wide feelings of solidarity and expectations of major social change.

Conclusion

The purpose of this discussion has been to indicate the scope for variation in class relations in complex industrial society, the role of the major dimensions of economy, polity and ideology in affecting these variations, and the ways in which they relate to industrial relations. To go further than this, to produce theories of class structure, it is necessary to focus on particular aspects of the class relationship. This will be attempted in the following chapter. First it will be useful to conclude this opening discussion by indicating the way in which its dimensions feature, under various guises, in most accounts of class structure, or of power relations generally. Many Marxist accounts refer in similar terms to the above to the economic, political and ideological spheres of class relations.¹ Somewhat related also is Etzioni's theory of compliance, which, though mainly concerned with the problem of power in organisations, uses similar concepts.² He distinguishes coercive, remunerative and normative power. Coercive power corresponds to the political dimension, in so far as, in wider social relations, it is ultimately the state which sanctions (or directly implements) the use of coercive force. Remunerative power corresponds clearly to market exchange relations, and normative power

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1. It is, for example, central to the accounts of Althusser and Poulantzas referred to earlier. See in particular the latter's Political Power and Social Classes.
 2. A. Etzioni, A Comparative Analysis of Complex Organisations.

to ideology.¹ When relating his slightly differently worded set of modes of compliance to what he terms 'goals', Etzioni relates coercive compliance to the 'order' goals, utilitarian compliance to economic goals, and normative compliance to culture goals, again following similar lines to those outlined above.²

The most familiar stratification trichotomy of all, class, status and power,³ can also be related, though the use of power is somewhat confusing since it is here used as a generalised term covering all three areas. Class clearly relates to the economic dimension,⁴ and status to the ideological as explicitly argued above. Some users of the class, status and power trichotomy have acknowledged that power is a common referent, and that (following Weber's class, status, party) the third term should relate to more specifically political power.⁵ Runciman, however, insists that economic class is not necessarily linked to power. What can be called "reward power", he argues, 'is conditional; it does not logically follow from the possession of wealth'.⁶ However, if the economic significance of class is used to refer to a social relationship (as it is here) then the mere 'possession of wealth' does not in any case constitute economic class. Wealth only implies class when it is

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1. ibid., p.90
 2. ibid., p.74.
 3. R.Bendix and S.M. Lipset, Class, Status and Power, 2nd ed. (London, Routledge and Kegan Paul, 1967), Introduction; W.G. Runciman, 'Class Status and Power?' in J.A. Jackson(ed), Social Stratification; M. Archer and S. Giner, Contemporary Europe: Class, Status and Power (London, Weidenfeld and Nicholson, 1971) Introduction; F. Parkin, Class Inequality and Political Order, ch 1.
 4. W.G. Runciman, op cit, pp 41, 42
 5. R. Bendix and S.M. Lipset (eds) op cit, Introduction. (In fact, Weber's concept was more specific and referred to the possibility that groups without power on market and status dimensions would make use of the organisational power of the working-class party. This point will be taken up in Part III where its paradoxes will be explored.)
 6. W.G. Runciman, op cit, p 32

used in order to acquire a dominant position in a market exchange relationship. In that case, it is necessary to recognise the essential role of power within economic class relations. Much the same goes for the role of power in status, a fact which is frequently overlooked.

As Goldthorpe has pointed out:

"Social inequality in all its manifestations can be thought of as involving differences in social power and advantage: power being defined as the capacity to mobilise resources . . . in order to bring about a desired state of affairs; and advantage as the possession of, or control over, whatever in society is valued and scarce . . . different forms of power and advantage tend in their very nature to be convertible: economic resources can be used to gain status or to establish authority; status can help to reinforce authority or to create economic opportunities; positions of authority usually confer status and command high economic rewards"

This chapter has tried to indicate the scope for variety which exists as the simple notion of the domination/subordination relationship is translated into concrete forms, and in particular to show the relationship of industrial relations to these patterns. Returning to the two opposing interpretations of that relationship which were considered in chapter 1, it can be argued that the '1950s literature' described a pattern of class relations in which the scope for diversification had been developed to the full, in some cases to the extent that the existence of class at all was put in doubt. In contrast,

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1. J.E. Goldthorpe, 'Social Inequality and Social Integration in Modern Britain', in D. Wedderburn (ed), Poverty, Inequality and Class Structure, (Cambridge, at the University Press, 1974), p.218. A similar point is made in F. Parkin, op.cit., pp.44-8; and in J. Westergaard and H. Resler, Class in a Capitalist Society, pp 141-150

the new Marxist theories envisage a situation where all the complexifying factors are stripped away, leaving naked domination relations.

The discussion in this chapter has simply considered the elements which are involved in the class structure of a society and the range of variety in the relations between them. It is now necessary to make the analysis more specific and relate the wider class context to the actions of groups involved in the day-to-day situation. This involves consideration of the 'strategies' which groups pursue to advance their interests within a particular configuration of domination/subordination relations.

CHAPTER 3

STRATEGIES OF DOMINATION IN INDUSTRIAL RELATIONS

In terms of the discussion in the previous chapter, the main concern of this study is with variations and changes in the relationship among the economic, political and ideological dimensions of domination within industrial relations. Questions of class structure and its relation to occupational structure, status and the other more familiar concerns of British stratification sociology are secondary, background concerns. It is through a discussion of the variables with which we are principally concerned that the task of interpreting the shifts in the role of the state summarised in chapter one can most usefully be accomplished. Although several aspects of the arguments of the rival schools considered there will be *examined*, in this process, the question will not be tackled in simple terms of whether there is 'more' or 'less' class conflict. Rather, an attempt will be made to examine what interpretation of the state's role is most helpful. After that the question of its implications for the class debate will be examined.

It is necessary at this stage to develop models which will enable us to express different patterns of economic, political and ideological constraints which maintain the relations of domination central to a class society. These models will not in the first instance describe different systems. A system of relations is a complex outcome of the actions of several different actors, any logic

inherent in the system being the product of those actors' pursuit of their goals as they contact and conflict with each other, the outcome being determined largely by power factors. To generate models of entire systems which can be applied empirically is therefore a highly elaborate and complex task. A simpler and less unwieldy approach is to produce models of the strategies of particular actors in the situation, based on some conception of their objectives and resources. This is most usefully done through the ideal-typical method, which is well suited to the task of spelling out the implications of an hypothetically conceived rationality of action, given an initial starting point and a given set of constraints. The actions of concrete actors may then be related historically to the ideal typical patterns in order to find which particular rational scheme (or combination of schemes) best fits the actions taken.¹ Used thus, it is a form of interpretation which avoids the problem of actors' motivations in the psychological sense, resembling instead the economist's use of a model of rational profit-maximising activity.

There is sometimes a tendency for the ideal typical method to become excessively voluntaristic, seeing action as the rational working out of a subjective will, rather than the inter-action between that

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1. The locus classicus for the ideal-typical approach is of course M. Weber, Economy and Society (English edition, New York, Bedminster Press, 1968). Some ambiguities in Weber's methodology are clarified by J. Rex, 'Typology and Objectivity'; in A. Sahay (ed.) Max Weber and Modern Sociology, (London, Routledge and Kegan Paul, 1971) following an approach similar to that adopted here.

will and constraints in the situation. Most important among such constraints is the fact of power: some social actors have more power than others with which to pursue their own actions and impede those of others. An attempt will be made here to take these factors into account, to work out the implications of action seen in a particular context of resources and powers as identified in the outline of class relations in the previous chapter.¹ And once a given situation has been described as the outcome of particular conflicting logics of action, resolved through power relations, it becomes possible to say something about the 'system' as a whole.

In particular this chapter sets out the industrial relations strategies available to an hypothetically conceived dominant interest in a range of alternative situations; whether the state can be seen unambiguously as such an interest is one of the issues which will have to be faced. It is assumed that the task of strategy is to achieve the most orderly available pattern of subordination to the will of the dominant interest given a particular pattern of resources available to it and of countervailing powers enjoyed by subordinate interests. Only a few stylised alternatives will be selected from the wide range of empirical possibilities. The different strategies

1. In other words, this study adopts what has become known as the 'action approach', starting from the (individual or collective) social actor and tracing his pursuit of his interests within a particular context of social relations. (See J.Rex, Key Problems of Sociological Theory, (London, Routledge and Kegan Paul, 1961); and P.S. Cohen, Modern Social Theory, (London, Heinemann, 1968) chap. 4

will be defined in terms of 'solutions' to a series of 'dilemmas' which confront dominant interests in their task. Although treatment of this kind involves a certain simplification it facilitates comparison and the systematic treatment of variables.

Conflicts over the changes taking place in the industrial relations system are often presented in terms of dichotomous alternatives: voluntarism versus state interventionism; free collective bargaining versus a return to capitalist class society; free collective bargaining versus socialism. But in reality there have been far more than two opposing dimensions involved. This will become very clear when, in later chapters, we examine the response of politicians to the changes. In particular the problem of interpreting increasing state intervention as either 'right' or 'left' politically will there become acute. The framework to be developed in this chapter will provide a more flexible set of concepts than simple dichotomies which will enable us better to interpret the changes which were occurring and their relationship to traditional political categories. The definitions of terms reached in this chapter will be the definitions implied whenever the terms in question are used later in the study.

The main argument being examined is the extent to which the institutional segregation of economy, polity and ideology of classical capitalism is being eroded by the efforts of the modern state, and the models which are needed are those which express the dimensions relevant to this. Before constructing the ideal types it is necessary to set out the framework according to which the models are to be defined.

ELEMENTS OF THE FRAMEWORK

The framework needs to reflect the three core dimensions, but cannot do so symmetrically because they do not operate in that way. Industrial relations take place within the dimension of economic relations, having therefore a quite different connection with that dimension than with the other two. Of these, the political dimension operates from a specific institutional base, the state, whereas ideology is diffuse; this introduces a distinction in the treatment of these dimensions. The framework is therefore constructed according to the relevant areas of industrial relations activity, the three dimensions operating within and across these.

The first task in spelling out a particular ideal type is to specify the dominant interest, in terms of its resources and constraints. This may be a matter of defining the social group or occupational role which exercises domination (for example, management or the state), or alternatively of specifying the procedure through which domination is exercised (as in the case of the market). The 'dilemmas' can then be considered. These cover the following central aspects of the relationship between industrial relations and class relations:

- (A). the relationship between economic domination and the work force;
- (B). the relationship between the economic dimension as it affects industrial relations and the state;
- (C). the extent to which the work force is collectivised and the relationship of its organs to both economic domination and the state;
- (D). Both the structure and the ideological presentation of inequalities of material reward.

These will be considered in turn.

(A). Dominant-subordinate relations within the employment context

Questions of pay determination are dealt with separately under (D) below. Within the remaining aspects of relations within the employment situation there are two main elements: the style in which domination is exercised and the response to subordinates' attempts at exercising counter-vailing power. These overlap at some points, but the relevance of the distinction will become clear later in this and subsequent chapters. Both these elements can be considered from two perspectives: first, in terms of the economic relationship alone; and second in combination with the operation of the ideological dimension. This provides a simple matrix within each of whose categories a dilemma has to be resolved:

	Style of domination	Response to counter-vailing power
Economic relation	A1	A3
Ideological relation	A2	A4

These will be considered in turn.

A.1 Order versus indulgency: For strict obedience to be required from subordinates is clearly the simplest expression of dominant interests: subordinates are required to submit entirely to commands and a clear hierarchical line runs from controlling interests to those who are employed solely to work. Apart from welfare considerations the latter are treated simply as a commodity. However, although dominant interests may always seek to shift at least in the direction of this kind of authority relationship, if not towards its extreme formulation,

its unreality in many practical situations has to be considered. Simple 'order' is only possible in conditions of very heavy economic constraints, where either negative or less frequently positive sanctions are sufficient to secure total control over the activities of the work force. Wherever the situation allows some scope for resistance by subordinates, dominant interests will have to respond to them. Some forms of this response involve items discussed under A.3 below, but it is also possible for dominant interests to meet the challenge, not by accepting a degree of counter-vailing power in bargaining relationships, but by occupying a 'low profile', maintaining their position of domination but exercising it in a flexible non-insistent way, perhaps tacitly conceding areas of autonomy and unilateral control to the work force. It is possible therefore to identify two broadly contrasting strategies which may be adopted by dominant interests: order and indulgency.

Where there is an uncompromising insistence on order we shall speak of an 'order' pattern of relations; where there is a tacit compromise or simply a lack of emphasis on order we shall speak of an 'indulgency' pattern.

A.2 Involvement versus separation: Styles of domination will also be affected by the extent to which dominant interests can assume a detailed ideological consensus with the work force over the nature of authority and the pursuit of the organisation's goals. The dilemma here is therefore whether dominant interests will secure their position more effectively by encouraging subordinates to feel a sense of identity with

them, or by stressing separation and 'disengagement'. Where there is evidence of or hopes for a common value system, the highest level of collaboration may be secured from subordinates by communicating intensively with them and seeking their involvement, because the greater the contact the more firmly can the existing unity of the ideological bond be cemented. However, where there is an ideological gulf domination may be more successful if points of contact are minimised, and the subjective, ideological element in relations under-emphasised.

Fox has captured the importance of this dilemma in his discussion of trust relations,¹ Within the terms of capitalist employment relations, deference may be difficult to obtain (as discussed in connection with ideology and status in the previous chapter). Employers therefore have recourse to various devices for trying to persuade employees to 'trust the company', which may be difficult to achieve, if only because the company does not 'trust the workers', subjecting them to detailed checks and controls.² Given the limitations on the practical involvement which employers are frequently prepared to extend, movements by employer towards an involvement strategy are often trivial in their practical effects, as Fox has noted in connection with the Welfare Movement.³ This general failure of ambitious attempts at securing involvement does not mean however that employment relations are necessarily without any ideological

1. A. Fox, Beyond Contract: Work, Power and Trust Relations (London, Faber, 1974), chaps.2,3.

2. ibid., p.72.

3. ibid., pp.196 ff. Success may however be dependent on the extent to which capitalist employment relations are able to 'borrow' ideological support from other patterns of domination. See R.P. Dore, British Factory - Japanese Factory, (London, Allen and Unwin, 1973), chap.14.

component. As Fox and Baldamus both indicate,¹ the wider ideology of the society still operates to support norms of obedience. The point is similar to that which will be encountered below in discussions of the role of the state. The state and ideology are rarely entirely absent from supporting the employment relationship, but there can be significant differences in the extent of their active and direct involvement.

Here, the strategy of consultation and identification will be called that of 'involvement', and that of avoidance of such contacts 'separation'. Under the former arrangement there will be an emphasis on 'communications' and on joint, round-table discussion and consultation; under the latter, if subordinates are exercising power, there is negotiation across the table; if they are not, there is simply very little contact. Involvement patterns may take very different forms, being either paternalistic or egalitarian (as Fox's analysis implies²). This will depend on the nature of the ideology and the position under A.3 below. Similarly the difference between the two alternatives here is not equivalent to a difference between participation and non-participation. Participation comprises two elements: involvement and a share in the exercise of power (see A.3 below). It may also imply the existence of an indulgency pattern of order. Involvement as such can appear either with power or without it. Examples of the latter are systems of consultation where dominant interests discuss issues with subordinates

1. Fox, ibid., pp.88 ff; W. Baldamus, Efficiency and Effort (London, Tavistock Publications, 1961), Introduction.

2. Fox, ibid., pp.355 ff.

but control the information made available to the latter and retain unilateral power of decision.¹ The differences between the various combinations of involvement and power-sharing are very important, and are directly related to the differences among such devices as co-partnership profit-sharing, joint consultation and workers' control. Separation between dominant and subordinate interests can also have varied implications. To anticipate the discussion of later items in this section, where the separation of workers from the authority group is stressed as well as their powerlessness to influence decisions, we have the classical early capitalist formulation of industrial relations.² Where separation of the two sides is accompanied by the exercise of counter-vailing power there will be bargaining relations.³ It is quite possible for different systems to exist alongside each other. For example, many employers insist on involvement and an absence of counter-vailing power among their white-collar employees while accepting separation and counter-vailing power (bargaining) with manual workers.

A.3 Monism versus pluralism: Discussion of A.2 has shifted slightly from a discussion of the ideological aspects of authority styles in order to make some points concerning different forms of participation and consultation, since clearly the form taken by an involvement strategy will vary with the degree of effective counter-vailing power. This latter aspect is now considered more directly. Again, as with dimension

1. ibid., pp.200-1.

2. R. Bendix, Work and Authority in Industry (New York, Wiley, 1956), chap.2.

3. An example of how this situation can emerge as a laissez faire system accommodates itself to workers' counter-vailing power is provided by the 'British Factory' in R.P. Dore, op.cit.

A.1, the simplest case is that where no direct exercise of counter-vailing power by subordinates is tolerated (though this is of course compatible with, or may indeed necessitate, an indulgency style of authority). This is referred to as a monistic pattern of relations. However, dominant interests may have to, or may prefer to, agree to cope with counter-vailing power by bargaining with it in order to contain it. This strategy will be described here as pluralism; it will be noted that it is not pluralism in the sense of a range of equally competing interests, but a pluralism taking place within the context of dominant-subordinate relations.

Clearly the choice of strategies on this dimension will depend largely on the strength of the available constraints. If subordinates are effectively controlled there will be little need to make pluralist concessions. Acceptance of pluralism is clearly a response suited to a situation where constraints are generally weak. This dilemma is different from that expressed in A.1 in that it concerns the structure of relations rather than their outcome. In A.1 the point at issue was whether strict order was maintained or whether there was a laxity in its administration. The former result is more likely to be achieved under monism, but it is possible for

pluralistic relations to be so institutionalised that in practice they result in a high degree of order. Important practical examples of this will be encountered in later chapters. Alternatively, it is possible to envisage an indulgent system which results, not from the exercise of counter-vailing power by subordinates, but from a unilateral decision by dominant interests to adopt such a pattern, as in the case of a benign paternalism. One may also encounter mixed patterns in which pluralism is conceded at some levels while at others the response to subordinates' challenge is adoption of an indulgency strategy.

Fox's distinction between unitary and pluralist ideologies among management is clearly directly related to this dilemma, especially in his later formulations of that distinction where pluralism is seen as a form of domination in a particular situation of labour strength¹ rather than, as in earlier versions, as a model of counter-vailing power alone.² The familiar sociological issue of the role of conflict within social order may also be subsumed under the monism-pluralism dilemma. Under highly monistic strategies no conflict at all is countenanced, any instances of it being suppressed with strong sanctions against those involved.³ Pluralism implies conflict, which probably suggests that the dominant interests find that it may be easier to secure cohesion by admitting some level of conflict. This is an issue on which much existing sociological literature is relevant.⁴

A.4 Conflict: rights versus interests: The response to counter-vailing power will also be affected by ideological factors. Regardless of whether elaborate conflict-regulating institutions are allowed, conflicts will ultimately be soluble either as matters of rights or as matters of interests. As with A.2, the difference concerns the extent

1. A. Fox, op.cit., chap.6.

2. A. Fox, Industrial Sociology and Industrial Relations, Research Paper No.3, Royal Commission on Trade Unions and Employers' Associations, (London, H.M.S.O. 1966).

3. A. Fox, Beyond Contract,, p.249-50.

4. ibid., p.260 ff; R. Dahrendorf, Class and Class Conflict in an Industrial Society, (London, Routledge and Kegan Paul, 1959).

to which dominant interests can rely on an effective ideological consensus. Where they can do so conflict can be treated as matters of established rights (which are "discovered" in the course of a judicial or quasi-judicial process, leading to an automatic resolution of the conflict). Where consensus is not present conflicts are accepted as clashes of interests (resolution resulting from either the crushing of the opposition group or through some form of compromise - at any rate the issue is resolved through a test of power). In the case of a pluralist strategy the operation of these factors is clear. Extreme monistic strategies may still however take up positions on this dilemma. Under a 'rights' strategy, either the absence of any subordinate right to protest is normatively established, or such protests take the form of supplications to the employing authority, when it acts as judge in its own cause. Where monism treats conflict as questions of interests the authority does not establish a moral basis for its detailed exercise of authority, but simply denies opposing interests the ability to express themselves.

This rights versus interests dilemma is a familiar distinction in both the immediate literature on industrial relations and in wider sociological discussion. Within industrial relations the question is a very practical one: if established rules exist for the resolution of a dispute, it is an issue of rights; in their absence it is a matter of interests.¹ Within the sociological literature the

1. C.Kerr, 'Industrial Conflict and its Mediation', in Labour and Management in Industrial Society, (New York, Doubleday, 1964).

distinction relates to the extent to which moral and legal elements on the one hand and ad hoc social and power elements on the other are relevant in a particular social situation.¹

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1. D. Lockwood, 'Arbitration and Industrial Conflict', British Journal of Sociology, Vol.VI, No.4, 1955.

(B). The role of the state

The position here is more straightforward and concerns the relationship of the polity to the industrial relations system. There is obviously wide scope for differentiation in the particular actions taken by the state, but for the purposes of formal analysis they can be reduced to variations within two central dimensions. First, to what extent does the state use its coercive power? Second, and it is important to distinguish this from the first, does the state play an active or a passive role within the industrial relations system? It is assumed for the purposes of the ideal framework that the state is unambiguously acting in support of dominant interests, though in real life this will be a problematic issue relevant to dominant strategies; it is in fact a question which is acknowledged in some of the ideal types developed later in this chapter.

B.1 Coercive versus non-coercive state: As stated in chapter 2, it is almost impossible to conceive of a situation in which political forces played no part in the cohesion of a structure of domination, though this role may be limited to 'background' action such as maintaining a general legal framework. Within the limits of that assumption there is scope for variation in the extent to which reliance is placed on the state's coercive powers in the subordination of labour. The extreme case (where there is no law at all, not even to guarantee property rights and the labour contract) is probably impossible to conceive, though the other extreme (where the law strictly regulates nearly every aspects of work relations) is possible.

What we are more likely to see are differences of emphasis within the continuum and, in particular, at times of change attempts at moving in either of the opposite directions. The resolution of this dilemma does not necessarily involve questions of the degree of separation between polity and economy, which is considered specifically in B.2; a highly legalistic system can operate without the detailed involvement of politics if, for example, reliance is placed wholly on civil law, the legal measures are not linked to state economic policies, and there are no political conflicts relating to the laws and involving the different parties affected by the sanctions. Whether or not this is successful will depend on the particular configuration of economy and polity within the society. The wider context which will be relevant to this particular dilemma (coercion or non-coercion) will be the extent to which economic and ideological sanctions are able to control the labour forces without recourse to legal action.

B.2 Active versus passive state: This dilemma takes up the question begged in B.1. Whether or not coercive measures are used the state may or may not play an active part in industrial relations and the control of subordinates. Partly this relates to a distinction already mentioned: is the state engaged in continuous intervention, or does it limit itself to a background role? This dilemma needs to be discussed in the context of the alternatives presented under B.1.

A combination of state activism with coercion means that the state is involved as a constant interventionist participant in industrial relations, using its statutory powers to support its interventions in the subordination of labour; the passive state using coercive powers simply establishes a strict framework of civil law and takes no further part in economic intervention (as in the classic 'ring-holding' role of the true laissez-faire state). The active state can also exist with a low level of coercion. In this case the state is involved

in detailed intervention and plays an active economic role, but makes little use of coercion in so doing, relying on exhortation, the provision of facilities, or perhaps becoming simply the institutional location within which private parties can resolve their issues (the notion of the state as a 'switchboard of authority').¹ Finally, it is possible to conceive a situation in which both the level of statutory controls is low and the state does not play an active part; in other words a situation in which either the state is doing little to support dominant interests, or sufficient cohesion is secured by economic and ideological factors. The choice between an active and a passive state, irrespective of the dilemma over coercion, will depend on the prevailing relationship between the state and the economy in general, and on the ability of dominant interests to control subordinates without such intervention. Where the economic/political division receives strong institutional expression it will be more difficult for dominant

1. R. Dahrendorf, Class and Class Conflict in an Industrial Society, chap. VIII

groups to accept and trust state intervention; but where the links are close or those interests are confident of their control over the state, an active state may well be preferred.

(C). The organisation of subordinates

Section A discussed several aspects of the treatment of subordinates by employer interests, but begged the question of the status of the workforce itself. This raises several important issues affecting both the economic relation itself and the intervention of political and ideological elements. It is particularly important to recognise the almost implicit operation of ideological factors here, since several aspects of this discussion concern action as determined by subjective perspectives, as will become apparent. It is also important to note that, whereas in section A our concern was limited to relations within the employing organisation, this further dimension concerns both this and the role of labour in wider social contexts - for example in relations with the state.

C.1 Collectivism versus individualism: In the history of capitalism the question of the individualistic status of members of the society was an issue of equal importance to the question of the nature of state action.¹ In both instances early capitalism may be contrasted with previous forms of society where men were seen as essentially members of collective groups,² and where their subordination was secured through the mechanism of those groups. The individualism of capitalism extended across the whole range of social relations and had important implications for industrial

1. R. Bendix, Work and Authority in Industry, ch 2; S.H. Beer, Modern British Politics (London, Faber, 1965), chap II; C.B. MacPherson, The Political Theory of Possessive Individualism (London, Oxford University Press, 1964)

2. S.H. Beer, op cit, ch I

relations. Purely capitalist domination is dependent on the worker being treated as an individual in the sense that his labour may be bought and sold as a unit commodity and is neither embedded in traditional constraints nor collectively organised as a restraint against the authority of the labour market.

These historically significant examples illustrate a dilemma for dominant interests. Will subordinates be regarded as individualised or collectivised? (The question of the organisation of dominant interests is less relevant; domination is nearly always collective, even if the concept of the individual is preserved as a legal fiction.) Within a capitalist society this will initially be a question of whether or not the autonomous collective organisation of workers can be prevented; a simple question of the strength of sanctions, economic and legal. In the case of economic sanctions they can be either negative or positive: more typically, high unemployment and the threat of dismissal has been used, but in some cases (such as managerial staffs or white-collar workers in general) positive sanctions have been used. Ideological factors may also be brought to bear on workers' attitudes to combination. But collectivism cannot be treated solely as evidence of workers' counter-vailing power. As the contrast between traditional and oppositional collectivities indicates, the question of collectivism versus individualism needs to be resolved irrespective of the question whether collectivities are oppositional or supportive of authority. Strategies in which the work-force is treated primarily as organised into groups of some kind will be called collectivist; those in which there is stress on the worker as an isolated individual will be called individualist.

C.2 Heteronomy versus autonomy: This dimension resolves the question begged in C.1: in the case of a collective work force, are its collectivities to be organised in such a way that their main function is to support domination, or is the collectivity able to be oppositional, organised by subordinates as a counter-vailing power? Is domination exercised through the means of subordinate collectivities (as under feudalism or medieval corporations), or are organisations means by which workers express their independence of domination? In the case of an individualistic work force, are they seen as 'free' in their capacity as individuals (irrespective of whether they 'sell' that freedom under the terms of the labour contract), or do they belong as individuals to those who deploy their labour (as under slavery)?

Where workers or their collectivities are independent (outside any specific commitments made within the labour contract, we refer to the autonomy of labour. Where labour or its organisations are regarded as the property of or as answerable to dominant interests, we speak of heteronomy. The mechanisms which secure the autonomy or heteronomy may vary, being perhaps the result of the ideological perspective of subordinates themselves or being secured by the state. When the latter is an important element the question will also be affected by the issues involved in C.3.

It might be thought that dominant interests will always seek heteronomy, but this is not necessarily so. Where individualist strategies are concerned, laissez faire was rooted in the notion of free individualised labour; and even where collective labour is concerned, the possibility needs to be entertained that dominant interests will be either (i) powerless to do anything but accept autonomy (needing therefore to base their continued

supremacy on the resolution of other dilemmas) or (ii) be sufficiently confident of their strength on some of these other aspects that they need not bother with problems of seeking to control workers' collectivities.

C.3. Legal entity versus social entity: Finally, the relationship between subordinates and the state needs to be considered. This relates to another classical issue in the rise of capitalism: whether either individuals or collectivities derive their existence and their detailed rights and obligations from the state or whether these emerge from the pattern of social interaction in civil society.¹ We are here concerned with that wider question only in so far as it affects individual or collective subordinates in their work relations. The question is similar to that in C.2, but with an important difference. The state as such does not comprise an employing authority, so it is not a question of workers' combinations directly supporting it. Rather, the state holds the power to determine whether or not an organisation may exist, and if it does what pattern of rights and liabilities it enjoys at law. (In those instances where the state is the employing authority it will occupy a position on C.2 in that capacity, in addition to its position on C.3 which relates to the specific function of the state in the establishment of a framework of law).

The resolution of this dilemma will involve similar factors to those discussed for B and for C.2. Do dominant interests have sufficient sanctions without engaging state power? What is the relationship between them and the polity? Where dominant interests accept the concept of social entity

1. S. Beer, op cit, chs I and II, discusses this distinction among the several factors involved in the emergence of Liberalism in contrast to old Toryism.

economic pressures or

any heteronomy (as discussed under C.2) ~~can be~~ secured only through /
ideological consensus. Where legal status is involved, heteronomy may
well be secured by these means instead or as well, and it is certainly
the case that where there is legally established heteronomy there is
also legal entity.

(D). The structure of inequality

As was argued in chapter 2, the central importance of relations of domination surrounding the employment relationship is that they are not only concerned with the exercise of authority, but also affect the allocation of material resources, which follows roughly similar contours to the hierarchy of authority itself. Certain formal properties of criteria of income distribution provide further ideal-typical dilemmas for dominant interests. These do not cover all the issues relevant to income determination, but they do cover those aspects with which industrial relations are concerned.

D. 1 Equity versus objectivity: This is another of the classic dilemmas which received expression in the rise of capitalism, and involves the relationship between the economic and the ideological dimensions. A structure of income inequality may be defended on moral or religious grounds, being presented as a problem of just or fair rewards. The most prominent historical example is the doctrine of the just wage.¹ Alternatively the defence may assert that a particular structure of inequalities is objectively necessary, or is the result of rational processes to which the criteria of fairness are not relevant. Laissez faire in its purest theoretical form is the leading instance of this.² Practical systems

1. M. Fogarty, The Just Wage (London, Chapman, 1961); Appendix;
R. Bendix, Work and Authority in Industry, chap. 2.

2. R. Bendix, ibid.

may of course exhibit a compromise between these alternatives: the medieval just wage accommodated itself to market fluctuations,¹ and capitalist doctrines are some times reinterpreted to define as fair that which is rational according to the laws of the market. But even in such compromise cases there is likely to be a difference of emphasis between the two poles of the dilemma.

D.2 Administration versus emergence: A structure of inequality may be derived and maintained in two separate ways. It may be the product of a series of administrative decisions imposed from above (as in bureaucratic determination); or it may be seen as emerging from a process of social or economic interaction, as in free-market determination or decentralised collective bargaining. This distinction is at the root of what Parkin sees as the difference between modes of income determination in market economies and those in command economies.² Dore uses a very similar distinction to define differences between the British and the more heavily bureaucratised Japanese systems.³ Again, there is scope for particular combinations of these alternatives, a perfect example of which is the concept of "bureconic" structures which Marris analysed as being typical of managerial capitalism.⁴

1. M. Fogarty, op.cit., chap.1.

2. F. Parkin, Class Inequality and Political Order, (London, MacGibbon and Kee), 1971), pp.145-7.

3. R.P.Dore, British Factory - Japanese Factory, chap.10.

4. R. Marris, The Economic Theory of 'Managerial' Capitalism (London, Macmillan, 1964).

D.3. Systematic versus ad hoc determination: Irrespective of the resolution achieved under D.1 and D.2, strategies may still differ in the extent to which the structure of inequality which emerges from them is considered to constitute a system, in the sense of a rational working out of certain coherent principles; or whether they comprise a jumble of ad hoc decisions or actions which may or may not be based on consistent criteria. It might appear that administration is always systematic and emergence always ad hoc, but this is not so. A bureaucracy may adjust in day-to-day fashion, never attempting to consolidate the principles on which its pay structures are based. And the major example of an emergent system - the market - is, when operating according to its theoretical models, entirely systematic.

D. 4 Growth versus redistribution: Finally, there are differences in the prospects held out for economic advance to subordinates, apart from the possibility of their moving up the occupational scale according to the operative criteria of D.1-3. Advance may be possible because the general level of wealth in the society is increasing, or it may take place at the expense of other groups. This is the familiar dilemma between increasing the size of the cake and altering the relative sizes of different slices. These alternatives do not have the logically exclusive characteristics of the other dilemmas, but they tend in practice to be posed as alternatives, particularly when redistribution is seen in terms of the distribution between dominant and subordinate groups. Again, combinations of the rival doctrines are possible.

Conclusion

To facilitate the use of this framework in succeeding discussions, it is set out here in tabular form. In future the use of the shorthand terms will refer to their meaning as defined in the above discussion.

TABLE 3: 1

Dilemmas requiring resolution in
industrial relations strategies of domination

Area		First resolution	Second resolution
A. Dominant-subordinate relations	1	Order	Indulgency
	2	Involvement	Separation
	3	Monism	Pluralism
	4	Conflict as rights	Conflict as interests
B. Role of the state	1	Coercion	Non-coercion
	2	Activism	Passivism
C. Organisation of subordinates	1	Collectivism	Individualism
	2	Heteronomy	Autonomy
	3	Legal entity	Social entity
D. Structure of inequality	1	Equity	Objectivity
	2	Administration	Emergence
	3	Systematic determination	<u>Ad hoc</u> determination
	4	Growth	Redistribution

IDEAL-TYPICAL STRATEGIES OF DOMINATION

The framework has been set out in terms of paired opposites. But this does not mean that the two Gestalten of what have been called the first and second resolutions of the dilemmas constitute two straightforward contrasting strategies. As was stated at the outset of this chapter, the purpose of constructing a model of this kind was to move beyond the discussion in terms of dichotomous positions which has proved so unhelpful in comprehending the political conflicts with which we are concerned. The framework facilitates the comparison of strategies which differ on some questions but share the same position on others; treading a particular path through the different dilemmas will produce the particular "profile" of an ideal-typical strategy. The same may also be done for empirical systems, though here one is likely to find a far less clear-cut profile. In fact, as will be seen below, the items listed under the 'first resolution' in Table 3:1 do constitute a coherent system, but the same is not true of the 'second resolution'. One of the reasons for this absence of clear-cut opposites is that we are considering strategies of domination; we are not contrasting domination with, say, ideal-typical revolution or subordination. And there is no reason to assume that different strategies of domination must contrast with each other on every point. To an extent it may be possible to contrast 'extreme' forms of domination with more moderate, compromise forms, though that dimension will not apply to each of the dilemmas in a straightforward way. Moreover, if a particular strategy occupies a less demanding position on some dimensions, this may need to be 'compensated' for by a stronger position on

others if domination is to be possible at all. Some examples of this will be encountered in the discussion below,

It would be possible to concoct a series of different alternative responses available to subordinates confronted by various dominant strategies, couched similarly in terms of responses to 'dilemmas'. However, this would considerably extend the size of this study, both in its conceptual discussion and in the range of groups whose actions are intensively studied. Our main focus is on the role of the state and patterns of domination. With a few important exceptions, which will be encountered later in this chapter, attention will remain focused on strategies of domination. The next step in the analysis is therefore to define in terms of the framework certain ideal typical formulations of the dilemmas which will prove relevant to the rest of the study*. As was noted at the outset, the central issue is the scope for variation in the extent to which polity and ideology are involved in the detailed workings of economic relations. It will therefore be useful to concentrate on ideal-typical positions at the extremes of a continuum stretching from disaggregation to integration, while also indicating certain possibilities of mid-way positions.

* The "profiles" are summarised schematically at the end of the chapter.

Market individualism

The extreme pole of disaggregation is represented by a strategy of classical laissez faire, or as it will be termed here, market individualism. This term is preferred to 'capitalism' because the latter is capable of many different forms, of which market individualism is just one, albeit a pre-eminent one, and capitalism constitutes a system of relations rather than a strategy. Although it is not a very relevant model for contemporary development, market individualism retains an ideological significance, and because of its profound historical importance it remains a point of reference in many debates. Market individualism was a possible strategy within a system of economic organisation which placed massive stress on the segregation of different dimensions of integration, and relied almost entirely on largely negative economic constraints.¹ The polity was restricted to a background role; the function of ethical legitimation was reduced to an assertion of the rationality of the market system and to the legitimation of property rights.² Under the separation of economics and ethics otherwise achieved by market individualism the power of property was to be the sole arbitor of what should or should not be done. Ethical constraints had no place in guiding the day-to-day conduct of economic affairs.³ Finally, conflict would be largely impossible because of the weight of economic sanctions. These points constitute the constraints which determine a particular resolution of the dilemmas.

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1. The implications of the separation of economy and polity, including the scope it offered for the institutionalisation of conflict, are discussed very fully in A. Giddens, op cit, pp 158, 202
 2. A. Fox, A Sociology of Work in Industry (London, Collier-Macmillan, 1971), p 40
 3. A. Fox, Beyond Contract....., p 161

The dominant interest indicated here is not that of a particular group of persons but of the market mechanism itself.¹ The authority is in the first instance identified as a contractual exchange of service for economic reward. At this point the conceptualisation of laissez faire becomes highly ideological, because the theory of equal exchange in contract is denied by the reality (even at the ideal-typical level) whereby under the labour contract the employer acquires a generalised power to dispose of the workers' labour time.² The legitimation is in terms of the rationality of the competitive process, which also serves as a legitimation for the resulting structure of income inequalities. As Fox points out, summarising MacPherson's account of market society:

"There is no authoritative allocation of work or rewards. Each individual seeks rationally to maximise his utilities, and his capacity to labour is his own property and is alienable as are such forms of private property as land and other resources. Men pursue their utilities within authoritative definition and enforcement of contracts. Necessary for the system to work 'is a substantial inequality of command over resources. There must be a class of men with sufficient resources to employ the labour of others, and a class of men with so little resources as to offer themselves for employment.'"³

Under the terms of the employment contract labour becomes a commodity entirely at the disposal of the employer who uses it rigorously in the interests of profit maximisation; it is therefore an 'order' style of

1. R. Bendix, op.cit., chap.2. S. Beer, op.cit., p.37; S. Wolin, Politics and Vision, (London, Allen and Unwin, 1961), chap.10.

2. R. Bendix, ibid.

3. A. Fox, op.cit., p.166; see also N. Harris, Competition and the Corporate Society, (London, Methuen, 1972), p.30.

domination. The imperative of market rules also renders pluralism and effective conflict impossible, except to the extent that subordinates may benefit from the freedom of the labour market. Since ideology is withdrawn from detailed engagement in economic life, there is no attempt at seeking the involvement of subordinates,¹ and to the extent that conflicts are admitted they are seen as conflicts of interests rather than being clothed in detailed rights of established statuses. The stress on the segregation of polity and economy means that the state is passive, but it is highly coercive in so far as the law firmly upholds property rights against the counter-vailing power of subordinates,² operating through civil law. Essential to the definition is an individualistic conception of the work force, workers' combinations being regarded as a defiance of the rules of free competition.³ But because of the stress on institutional segregation these individuals are seen as "free" - autonomous of their employers except in so far as they freely contract their services under the labour contract - and being social entities, not legal categories as were medieval serfs.⁴ Its concept of income distribution is objectivist, rejecting ethical intrusion. And as noted in the discussion of the definitions, it is emergent but systematic. Subordinates may improve their position through growth, but redistribution, except through the possible operation of the market, is ruled out.

1. A. Fox, ibid., chap.4; R. Bendix, op.cit., chap.2.

2. A. Fox, ibid., p.1645; N. Poulantzas, Political Power and Social Classes.

3. R. Bendix, op.cit., chap.2.

4. S.H. Beer, Modern British Politics, p.37.

Before leaving a consideration of market individualism it is useful to consider the relationship between it and liberalism, with which it is frequently identified. Market individualism is liberal insofar as it involves a segregation of economic, political and ideological dimensions. It establishes (in theory) no man-to-man authority relations, relying on the market mechanism within the economic sphere, involving no detailed application of state power to support economic order, and accepting an ethical agnosticism in its dependence on the cash mechanism to make all decisions concerning priorities. However, the consequences and price of this liberalism in some areas are relations in other areas which can only with great difficulty be defined as liberal. Analysing this point in terms of the framework, it is difficult to define as 'liberal' a strategy which imposes order and rejects pluralism in dominant subordinate relations. Similarly, the insistence on individualism in most economic accounts of liberalism is difficult to extend to relations between employers and workers. For example, Beer discusses the ideology of the 'masterless man' in liberal thought¹. At the same time that the bourgeoisie was able to apply this concept to itself the capitalist system which made that position possible for them also involved subjecting the great masses of the industrial population to a new and distinctive 'mastery' of industrial discipline. If the masses were invited to join the company of 'masterless men' it was only to the extent of standing as free individuals unsupported by state welfare, private

1. ibid., chap. II

charity or the collectivism of trade unions; it was not considered to apply to their position in the employment relationship.¹ Frequently the individualism of subordinates can be maintained only by using coercion to prevent their voluntary combination, and this contradicts some of the central tenets of liberalism. These two issues - pluralism and collectivism - are related in that collectivism has been an important means through which subordinates have achieved counter-vailing power.

The liberalism of market individualism was limited to that made possible by the fact that the economic mechanism bore ^{the} full burden of the exercise of domination, enabling polity and ideology to become disengaged. This indicates the 'defective' nature of liberalism as a form of domination; it cannot provide its own form of coercion, being defined in terms of freedom from coercion. A strategy of domination can therefore only ever be liberal in some aspects of its operation, and at the expense of the liberalism of other aspects. It also seems more satisfactory to treat a model of liberalism as agnostic between individualism and collectivism, extracting it from its particular historical context in market individualism. It is only when liberalism appears as an aspect of a structure of relations, alongside other elements of a less defective strategy of domination, that this dilemma can be resolved.

Historically these tensions between liberalism and market individualism were of considerable importance even during the heyday of laissez faire, suggesting the inherent difficulty of maintaining in practice the liberalism of the doctrine even when heavy negative economic sanctions were in operation. Early capitalism frequently made use of non-liberal

1. R. Bendix, op.cit., chap.2.

means of legitimating order.¹ And Bendix has described how the doctrine of liberalism eventually provided the loopholes through which a capitalist economic order had to accommodate itself to the autonomous organisation of labour and bargaining,² while Fox has pointed out how the very absence of vertical high-trust relations may lead subordinates to seek horizontal ones, hence the search for collective organisation by subordinates.³

1. A. Fox, Beyond Contract, p.181 ff.

2. R. Bendix, op.cit., chap.3.

3. A. Fox, op.cit., chap. 2.

Liberal Collectivism

The resultant of this last process, liberal collectivism, deserves consideration as a particular form. As such it resembles closely the terms of the compromise which has been referred to in chapter one. as the form of industrial relations achieved by the post-war period in Britain. The starting point for a theoretical consideration¹ is a situation in which the exercise of domination has been heavily compromised. It is the strategy which emerges when clear-cut domination through negative sanctions has become difficult (for example, in a situation of full employment); where the state plays an ambiguous role, supporting the existing structure but, because of citizenship and other developments, also supporting workers' rights. Labour is organised in autonomous organisations, and a wide degree of bargaining takes place. However, the identity of dominant and subordinate interests remains distinct, and a separation of political, economic and ideological dimensions continues to exist within the society.

Liberal collectivism therefore shares certain features with market individualism, but the existence of autonomously collectivised labour marks a crucial difference. This is often overlooked in political debate, where collective bargaining is often described as laissez faire (as will

1. Other writers have described a similar concept with slightly different language: O. Kahn-Freund (Labour Law, in M. Ginsberg (ed), Law and Opinion in England in the Twentieth Century, (London, Stevens, 1959) speaks of 'collective laissez-faire'; J.A. Banks, Marxist Sociology in Action (London, Faber, 1970), of 'voluntary collectivism', and A. Flanders, Management and Unions, (London, Faber, 1970), pp.173-8 of 'voluntarism'. Chapter VII of R. Dahrendorf, Class and Class Conflict in an Industrial Society (London, Routledge and Kegan Paul, 1959) amounts to an exposition of a liberal collectivist philosophy in the class and economic context assumed here.

be considered in more detail in Part III), and in some academic literature.¹ Where labour is organised and management fails to respond by accepting bargaining it may find itself in what Fox describes as the 'classic conflict pattern', with endemic, virtually uncontrollable conflict.² In this situation authority adopts a strategy of indulgence as a means of absorbing subordinates' pressure, retaining power in some aspects of work organisation while conceding it in others,³ and probably placing heavy reliance on growth to provide the head-room which enables workers' pressure to exist alongside the maintenance of domination. A choice is available on the involvement versus separation dimension. The fact that, in accordance with the nature of the society, dominant and subordinate interests are conceived as ideologically separate, severely restricts the possibilities of involvement.⁴ However, the acceptance of workers' power, negotiation and compromise, alongside the context of the pursuit of high productivity which is important to this model, do create the basis for limited exercises in involvement.⁵ Liberal collectivist

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1. The locus classicus is S. Pedman, A Theory of the Labour Movement (New York, Kelly, 1949). For a recent application of Pedman's approach to the British situation see I. Richter, Political Purpose in Trade Unions, (London, Allen and Unwin, 1973).
 2. A. Fox, Beyond Contract, p.298
 3. An interesting practical example of such a strategy is described in J.T. Winkler, 'The Ghost at the Bargaining Table: Directors and Industrial Relations', British Journal of Industrial Relations, Vol.XI, No.2, July 1974, where directors were described as delegating all aspects of a heavily bargained industrial relations situation to lower levels of management, they themselves operating at levels and on issues on which subordinates were able to exercise no pressure.
 4. A. Fox, op.cit., chap.2.
 5. Such as those described by J. Child, British Management Thought (London, Allen and Unwin, 1969) as having occurred in the period of labour strength around the period of World War I (chap.3.)

strategies are therefore likely to be characterised by a shifting balance between involvement and separation, with neither being pressed to extreme levels. Whether pressure to move in a particular direction on this dimension can be interpreted as a departure from liberal collectivism must therefore depend on the developments on other dimensions which accompany it.

Pluralism is clearly required in liberal collectivism by the existence of strong counter-vailing pressures by subordinates, though there is scope for variety in the number and range of areas to which pluralism is admitted; if domination is to survive it will have to reserve certain areas to monistic decision-making. Similar arguments apply to the rights/interests dimension as to involvement/separation. Essentially the liberal context means that conflict has to be treated as a matter of conflicting interests. However, in a situation where subordinates are well organised one may expect dominant interests to balk at resolving each conflict through a trial of strength and to seek tentatively to establish areas of agreed rights, if only to secure stability.

Within the limits imposed by the necessity of some legal support for dominant positions if they are to survive, the state operates in a largely non-coercive role,¹ given the general context of a low level of constraints and a low integration between economic and political dimensions. Further, given the existence of subordinates' pressure on the state it is possible that the phenomenon of state action to

1. A. Flanders, Management and Unions, pp.173-178.

enhance subordinates' rights will exist alongside the limited coercive measures which ensure the perpetuation of domination. Similarly, the state does not play an active part in industrial relations, except perhaps in the facilitation of conciliation between dominant and subordinate interests. Both these interests may well both suspect the state and unite in seeking to exclude it, because neither can trust that it will work unambiguously on their behalf.

It is part of the initial defining condition of liberal collectivism that workers' are organised; and given the importance of institutional segregation their organisations are autonomous and separate from the state. However, some ambivalence may be introduced here in that through bargaining and compromise dominant interests may be able to persuade workers' organisations to relax their pressures in exchange for concessions. Although this bargaining relationship is very different from a situation in which workers' collectivities have a primary responsibility for securing the obedience of the work-force (as in pure heteronomy), it may have some similar practical consequences in that, as part of the bargaining, workers' representatives try to persuade them to keep the peace.¹ Similarly, while the organisations are in no way creatures of or responsible to the state, the fact that the state may underwrite some of the countervailing powers of both organised and individual workers may impart slight elements of a statutory base for workers' organisations.

1. A. Fox, 'Industrial Relations: A Social Critique of Pluralist Ideology', in J. Child (ed), Man and Organisation (London, Allen and Unwin, 1973); J.A. Banks, Marxist Sociology in Action, chap.12.

Income determination will be based on a mixed set of criteria. There will be a combination of ethical and objective criteria, reflecting the absence of any clear imposition of authority, though the former is likely to be the lesser element given the low level of ideological cohesion. For similar reasons, there will be an ad hoc pattern of determination, reflecting the bargained and pragmatic nature of the resolution of power conflicts. The role of bargaining also implies an emergent system. Dominant interests will, as noted above, place considerable stress on the scope for increases through growth and improved productivity in order to resolve conflicts over distribution.

Clearly, a strategy of liberal collectivism is only pursued by a dominant interest faced with considerable counter-vailing power. The survival of domination is in fact dependent on several factors which are outside its own control: economically, on a high level of growth and mass prosperity; politically, on at least some continuing background support; and ideologically, on limitations on workers' aspirations and use of pressure.

Given the heavily compromised nature of this strategy, it is relevant here to consider an ideal-typical subordinate response, even though our main emphasis is on dominant strategies. Clearly, a revolutionary response by subordinates involves consideration of an entirely separate framework of action, while those who completely accept domination will simply concur with all points of a dominant strategy.¹ But between these

1. As in A. Fox, Beyond Contract, p.297.

there is the possibility of what Parkin calls a 'subordinate' ideology,¹ or since our concern here is not so much with subjectively held ideology as with the objective strategies of action, a subordinate strategy. Here subordinates accept their role as subordinates, not seeking to overthrow the existing structure;² but they do pursue their own interests as subordinates, rather than simply concurring with the strategy of domination.³ They therefore challenge, criticise and protect a narrowly defined interest. In the case of liberal collectivism it is possible to construct an ideal type for this approach. Granted that subordinates accept the existence of authority, will they seek within that situation to maximise their position by seeking to bend the dominant strategy of liberal collectivism in certain directions.

Clearly, subordinates will support the indulgent characteristic of the dominant strategy, and also its pluralism. They will also stress separation as opposed to involvement, and the resolution of conflict ~~through~~ conflicts of interest unless the ideological basis of agreement is a heavily compromised one, favourable to subordinate as much as to dominant interests. They will, like dominant interests, be suspicious of the state, though if confident of their ability to put pressure on it they may call for counter-vailing powers. They will seek to strengthen

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1. F. Parkin, Class Inequality and Political Order, (London, MacGibbon and Kee, 1971), pp.88-96.
 2. R. Hyman, Strikes (London, Fontana, 1972) p.96.
 3. ibid., pp.132-8.

their position through organisation in autonomous, free associations. On income determination, they will take advantage of either ethical or objectivist criteria, depending on which offers more advantages, and will seek to strengthen the ad hoc and emergent properties, since the alternatives are systems imposed by management. Finally, they will be happy to pursue either productivity or redistribution, whichever provides the easier and bigger gains.

Liberal collectivism is thus a strategy on which dominant and subordinate interests may well agree, provided the former do not seek major new powers in order to remove some of the shackles imposed on their actions, and so long as subordinates do not seek to end their subordinate position. Differences exist in the two strategies, but these are largely differences of emphasis and interpretation (see pp 108, 9).

Corporatism

It is now necessary to consider the implications of a strategy of domination in which political and ideological constraints are deeply involved in economic relations. Such an amalgamation was common in pre-industrial societies, and since the great process of structural differentiation associated with modernisation there have always been important dominant interests which have opposed the institutional segregations of liberalism. In European conservative thought this doctrine has been known as corporatism, and it is a concept which has been resurrected in recent years to describe modern developments.¹ Historically it relates to attempts at reviving something of the organic unity of medieval society in the face of the individualism and automisation of liberalism and laissez faire². Its principal, if distorted, empirical form, and the source of its frequently abusive characterisation, was in Italian fascism.³

Corporatism can be seen as a strategy of domination which reverses the institutional segregations on which market liberalism depended for its power. It thus appears at a moment when those segregations, far

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1. Three important formulations to which reference will be made at several points in this discussion are M. Harris, Competition and the Corporate Society, esp. pp. 16-18, 65 ff; R. Pahl and J. Winkler, 'The Coming Corporatism', New Society, October, 10, 1974; R. Dore, British Factory-Japanese Factory.
 2. Harris (ibid), chap. 4; S. H. Beer, Modern British Politics, p. 69, 71. For an example of the anti-individualism to which Beer refers, see F. Pitigliani, The Italian Corporative State, (London, P. S. King & Son, 1933), p. 17.
 3. Pitigliani's work (ibid), which provides a doctrine of corporatism (based on order, collectivism and the re-integration of economic, political and ideological dimensions) very similar to that outlined here, was explicitly written to justify Mussolini's system to the English-speaking world. Though fascism has given corporatism a highly coercive image, most doctrines of corporatism envisage a consensual re-integration. An empirical example in industrial relations is the Dutch system established after World War II (see J. Windmuller, Labor Relations in the Netherlands (Ithaca, Cornell University Press, 1969))

from securing domination (as under market individualism) serve to weaken it, and when labour has reached such a strength that neither are classic constraints operating nor are the techniques of compromise securing what dominant interests consider to be adequate control over subordinates' actions. For the strategy to be pursued effectively, the basis for a reintegration of political, economic and ideological dimensions must also be present in wider structural developments in the society. Corporatism is therefore characterised by an initial weakness of prevailing sanctions of domination and possibilities for the re-integration of the different dimensions of social organisation. Its concept of society is organic, and it is on this issue that it confronts liberalism and reaches back to feudal and medieval notions of social organisation.¹ It re-engages the polity with the economy and develops new forms of ideological legitimization.² The authority source in corporatist arrangements can vary, being management, the state or others, but it is crucial to it that authority of some kind is defended and legitimated. The basis of legitimization in classical corporatism has usually been a traditionalist and organicist doctrine, religious or perhaps nationalistic.

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1. For a detailed discussion of the importance to corporatism of a feudal past, see R.P. Dore (op.cit.), chap.14. Similarly relevant although it does not deal explicitly with corporatism is the analysis in Barrington Moore, Social Origins of Dictatorship and Democracy (London, Allan Lane, 1967), of the origins of fascism in the patterns of industrialisation followed by Japan and Germany.
 2. For an instance of the highly moral tone of its ideology, see F. Pitigliani, op.cit., p.21.

In detail, corporatism is, as the above implies, strongly insistent on the maintenance of order. Being organicist and anti-liberal it insists on the involvement of subordinates with that order, while being strongly monist. This is therefore a form of : involvement and identification without counter-vailing power. To the extent that conflicts exist they are dealt with through an established system of rights.¹

In its most straightforward form corporatism, as a form of re-integration of political, economic and ideological dimensions in the interests of re-establishing domination, involves a highly active, coercive state. The state co-ordinates all activity, and while private interests still operate, they are clearly subordinated to the state.² However, the term corporatism has also been applied to two divergent forms which will here be considered as variants of corporatism, partly in order to avoid introducing confusion of terminology into the existing literature, and partly because after some adjustment to the role of the state these variants do follow closely the rest of the corporatist profile. First, using what is in fact ^{an} inaccurate reference to Mussolini's highly statist system, some authors have represented corporatism as a situation in which, while the state is highly active, it acts alongside rather than over employers' and

1. F. Pitigliani, op.cit., p.86; M. Harris, op.cit., p.111 ff, 119 ff.

2. F. Pitigliani, ibid., pp.18, 41, 91.

workers' organisations¹. Harris identifies a similar phenomenon, which he distinguishes from his main concept of state corporatism as pluralistic corporatism, though he does not distinguish clearly between it and economic liberalism.² Harris's distinction can be adapted to the present framework. Under statist corporatism the state is both active and coercive, while under voluntarist corporatism it is active but, by and large, non-coercive, depending on bargaining and accommodation with other organised interests*.

In terms of ideal-typical strategies, we may see voluntarist corporatism as the pattern adopted where either dominant economic interests cannot fully trust the state, or where the state is unable to exercise its full coercive power.

The other variant use of corporatism refers to a set of relations existing solely within industry, with the state's role not being considered at all. This had some place in traditional corporatism (for example, that of Durkheim), but the most detailed formulation of this is in Dore's comparative study of Britain and Japan.³ As has been indicated by the use of Dore's work in illustrating other aspects of the corporatist profile, his concept and that being developed here have many points in common. The exceptions are that in his version the

1. F. Bealey and S. Parkinson, (Unions in Prosperity, Hobart Paper No.6 (London, Institute of Economic Affairs, 1960) refer to the demolition of the 'quasi-corporatist state' as the Conservative Government of the early 1950s replaced economic planning and tripartite arrangements with a return to competition. See also R. Pahl and J. Winkler, op.cit.

2. N. Harris, op.cit., p.18, 111,2,157 ff, 181-98.

3. R.P. Dore, op.cit., p.275 and 364 ff.

* 'Voluntarist' is used here instead of Harris's 'pluralist' simply because 'pluralism' is already being used here as a term within the framework.

state is neither active nor coercive and (to anticipate the next element in the profile) workers' organisations have no necessary relationship to the state. This strategy will be distinguished here as 'private corporatism'. It bears some resemblance to what is frequently called 'paternalism' but, following Dore's analysis,¹ perhaps that term should be reserved for the situation in which the authority is an individual, or at least highly personalised in its relations with subordinates. Corporatism is the more relevant term where the authority is a managerial bureaucracy. Private corporatism will be a strategy pursued where the state is either unavailable, or (as perhaps in the Japanese case) where ideological attachments are sufficiently strong for dominant economic interests not to need to call on political support. As such private corporatism marks a re-integration of economic and ideological relations but not of political relations.²

It is central to the organicist conception that the workforce be collectivised. This may originate in the practical recognition of the reality of an organised labour force which cannot be returned to individualism, so that an attempt has to be made to turn organisation itself into a means for regaining control over labour: its organisations are used to buttress the authority of employers, controlling and

1. *ibid.*, p.269-275.

2. In some ways Durkheim was an intellectual ancestor of private corporatism - see especially Suicide, concluding Part. However, Durkheim did not place so much stress on order and unequal hierarchy as does orthodox corporatism. The work of Elton Mayo and his school constitutes a more straightforward instance of this strategy; see A. Fox, Beyond Contract, p.235 ff.

disciplining the work force.¹ Labour's organisations are therefore heteronomous.² In the case of statist corporatism the integration goes further and labour's organisations derive their power from the state.

Because of the stress on ethical criteria, the income hierarchy is defended in moral terms.³ As an essentially ordered form of organisation, the pattern of income distribution under corporatism is both administered and systematic. It is not primarily concerned with increases in incomes for subordinates, but to the extent that it is it is certainly not through redistributive means, since this would disturb the established order.

1. A. Fox, ibid., p.251-255.

2. Ibid., p.202; J.A. Banks, Marxist Sociology in Action, p.271-276.

3. N. Harris, Competition and the Corporate Society, p.231; F. Pitigliani, op.cit., p.53:

"The pay of a worker must be such as to procure for him the necessary elements in a standard of living suited to his condition. This consideration must override all others which have regard to the possibilities of production and the labour return. The wages suited to the normal living requirements of a worker must take into account the needs of the class to which he belongs, and should be based on a criterion of distributive justice"

One of the main ways in which corporatism has re-appeared is through the supersession of the entrepreneurial economy by that of the large managerial corporation. Critics of the theory of the 'managerial revolution' have often neglected some of the important changes in social structure which are engendered by this development. Management is independent of several of the crucial tenets of laissez faire, being for example compatible with considerable state intervention in the economy and therefore lacking a strong insistence on state/economy segregation¹. Historically, management has tended to be associated with the emergence of mass prosperity based on economic growth. Its legitimation is through professional competence and administrative rationality (as opposed to market rationality), which is very much predicated on the assumption that these skills will be used to generate wealth². Under certain circumstances this rationalist ideology can be used to undermine subordinates' claims to pluralism³. One prominent school of management theory, the human relations school, demonstrates this argument well. Conflict was recognised, but treated as a conflict between workers' 'irrational' demands and managerial rationality⁴. The emphasis was on measures which

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1. J. Banks, Marxist Sociology in Action, chap. 11; R.F. Pahl and J.T. Winkler, 'The Coming Corporatism'.
 2. J. Child, British Management Thought, chap 4; A. Fox, A Sociology of Work...., p 68 ff; T. Nichols, op cit, chap 1
 3. J. Child, op cit, discusses how a rejection of pluralism was historically associated with the rise of management's belief that it possessed a scientific claim to pre-eminence placing itself outside (and above) conflict and the need to come to terms with the work force (chap 4). The period when this occurred (1920s), following a period when concessions had been made to pluralism, was one in which labour's power was weakened by unemployment. This is an instance of how strategies will be affected by the context.
 4. J. Child, ibid, chap 5; R. Bendix, Work and Authority.... chap 5

would enable this conflict to be dealt with rather than suppressed, but with no acceptance of a full pluralism; conflict was certainly not seen as a clash between rival interests. Fox has delineated the form of conflict rejection which is practised by contemporary management in his concept of the 'unitary' ideology¹. The human relations school, with its stress on the establishment of a moral order in industry, also points to the scope for variation in managerial approaches to questions of involvement. Managerialism does not necessarily have the same emphasis on ideological disengagement of market individualism, and is therefore able to deploy tactics which encourage involvement². Further, it does not share the aggressive individualism of laissez faire, especially since it has developed with the growth of large organisations in which the notion of the individual is very difficult to maintain; it deals with large work forces defined in terms of mass scales and grades, and is therefore almost inherently collectivist³, with systematic, administered systems of pay determination⁴. It was an important tenet of the '1950s theories' considered in chapter one that managerialism was associated with liberal industrial relations strategies. This contention will be challenged later in the study; and at present it is possible to argue that managerialism's position will be highly contingent on the context within which it operates. Several of its characteristics make it readily compatible with, or even contributory towards, certain forms of corporatism.

1. A. Fox, A Sociology of Work in Industry, p 42; see also A. Fox, Industrial Sociology and Industrial Relations.

2. The shift from 'scientific management' to 'human relations' is an instance of a shift from separation to involvement strategies (J. Child, British Management Thought, chs 4, 5)

3. J.A. Banks, op cit, chs 11, 18

4. Ibid, pp 187-9

Conclusion

Corporatism is a concept to which several writers have had recourse in recent years in describing both industrial relations and other aspects of politico-economic organisation. The term has been used to mean several different things, as the discussion of the role of the state has indicated. On the other hand some writers have used the term 'collectivism' to describe phenomena similar to those called here corporatism. For example, Beer¹ uses collectivism to refer to the kind of engagement between state, organised employers and organised labour in the pursuit of shared economic goals which is here called voluntarist corporatism. Banks² describes very similar processes, concentrating on the changing role of both trade-union leaderships and industrial management and their involvement with the state in policy-making. His discussion of the role of unions involves consideration of the particular social position of trade-union officers, a dimension which is neglected here except to the extent that it is a relevant mechanism in deciding the relationship between workers' organisations and both the state and employers. His discussion of management however relates closely to the argument developed here that corporatism is essentially a development within a managerial (as opposed to market individualist) economy. The term 'collectivism' is used here more widely than in Beer and Banks, to refer to any situation in which labour is essentially collectivised. Whether the collectivism is

1. S.H. Beer, op.cit., pp.71, 331.

2. J.A. Banks, op.cit., Parts II and III.

liberal or corporatist will depend on the extent to which these organisations are autonomous of state and employers, though as will be seen subsequently there are complications in that neat distinction.

Most of the writers on corporatism (or collectivism) relate that phenomenon to factors similar to those being discussed here. Beer and Harris are both concerned with the re-integration of polity and economy which transcends the market economy. Banks, Dore and Pahl and Winkler all stress the rise of the managerial economy as an important element furthering corporatist developments. And while Fox does not use the concept explicitly, his discussion of the 'moral' crisis in industry and attempts at reintroducing a stronger ideological component to buttress the weakened economic sanctions of the labour contract follows similar lines to those described here as the reintegration of economy and ideology - an argument also important in Dore's account. The concept of corporatism is therefore potentially useful in an attempt at interpreting developments away from the compromise in industrial relations, which is our central task. Most of these other authors also share the concern of this study to interpret such processes beyond the limited sphere of industrial relations and in the context of the class structure of the society.

In the following chapters an attempt will be made to elucidate the variety of strategies which have been pursued, principally by the state, in Britain, as the structure of the compromise began to crack and dominant interests sought new strategies. From chapter one onwards it has already been made clear that the key issue of interest is the extent to which there has been an attempted reintegration of economy, polity and ideology. We may now reformulate that as the question: to what extent may developments in the industrial relations system in Britain be interpreted as the result of corporatist strategies of domination? Earlier in this chapter when the framework of dilemmas was originally set out, emphasis was placed on the fact that a variety of positions could be occupied along the different dilemmas, and we were not concerned to reduce the different resolutions to two polar strategies; indeed, one of the purposes of constructing the framework in this way was to move beyond the artificial dichotomies of popular debate and reflect the complexities of the differences between rival policies. Therefore, when in Table 3.1 the different resolutions were listed in two groups it was pointed out there that there was no particular logic behind the contrast or the particular pattern of the second resolution. However, it was suggested that the first did correspond to a particular strategy. This can now be seen to be the strategy of statist corporatism - the fullest form of the reintegration of polity, economy and ideology which we have discussed. Since much of the following discussion will concern the extent to which state corporatist strategies have been attempted, it makes it easier to make such judgements if the profile of state corporatism occupies the most straightforward position. It and the other major ideal-typical profile which have been discussed here are summarised below.

TABLE 3.2

Market Individualism

Authority source: market and contract

A.	1	Order	
	2		Separation
	3	Monism	
	4		Interest conflicts
B.	1	Coercion	
	2		Passivism
C.	1		Individualism
	2	Autonomy	
	3	Social entity	
D.	1	Objectivity	
	2	Emergence	
	3	System	
	4	Growth	

TABLE 3.3

Liberal Collectivism

(dominant emphasis)

Authority source: employer, with bargaining

A.	1	(Order wherever possible)	Elsewhere: Indulgence
	2	(Attempts at involvement)	Separation
	3	(Attempts at limiting area of pluralism)	Pluralism
	4	(Attempts at rights)	Interests
B.	1	Coercion	
	2		Passivism
C.	1	Collectivism	
	2	(limited heteronomy through bargaining)	Autonomy
	3		Social entity
D.	1	Equity	and Objectivity
	2		Emergence
	3		<u>Ad hoc</u>
	4	Growth	

TABLE 3.4

Liberal Collectivism

(subordinate emphasis)

Authority source: bargaining, with acceptance of employer

A.	1	Indulgence
	2	Separation
	3	Pluralism
	4	Interest conflict
B.	1	(Attempts at protective state action)
	2	Non-coercion
		Passivism
C.	1	Collectivism
	2	Autonomy
	3	Social entity
D.	1	Equity
	2	and Objectivity
	3	Emergence
		<u>Ad hoc</u>
	4	Growth and Redistribution

TABLE 3.5

Statist Corporatism

Authority source: the state with other employing authority

A.	1	Order
	2	Involvement
	3	Monism
	4	Rights conflict
B.	1	Coercion
	2	Activism
C.	1	Collectivism
	2	Heteronomy
	3	Legal entity
D.	1	Equity
	2	Administration
	3	System
	4	Growth

TABLE 3.6

Voluntarist Corporatism

Authority source: employers alongside the State

A.	1	Order	
	2	Involvement	
	3	Monism	
	4	Rights conflict	
B.	1	(Coercion limited to background rules)	Non-coercion
	2	Activism	
C.	1	Collectivism	
	2	Heteronomy	
	3		Social entity
D.	1	Equity	
	2	Administration	
	3	System	
	4	Growth	

TABLE 3.7

Private Corporatism

Authority source: employers

A.	1	Order	
	2	Involvement	
	3	Monism	
	4	Rights conflict	
B.	1	(Coercion limited to background rules)	
			Passivism
C.	1	Collectivism	
	2	Heteronomy	
	3		
			Social entity
D.	1	Equity	
	2	Administration	
	3	System	
	4	Growth	

CHAPTER 4

THE COMPROMISE AND ITS CHALLENGES

As an ideal type, liberal collectivism is unlikely to be found in straightforward simple form in any society. Further, as a strategy, rather than as a system, it is unlikely to be pursued by every relevant group within a society. We are justified in making generalisations about the extent to which an entire industrial relations system can be characterised by liberal collectivism or any other of the types specified in chapter three only if these limitations are borne in mind. In Part II these concepts will be used more precisely to describe the strategies of particular actors, but it is first necessary to make some broader remarks about the general practice of industrial relations in Britain which justifies our use of the term 'liberal collectivism' or what we shall ^{call} / 'the Compromise' to describe the most significant strategy being pursued within it. This is done in the present chapter, which will also consider at a similar level of generalisation some of the challenges to that model which have come, not from the state, whose actions are our primary focus of study, but from employers.

There are wide areas of employment in Britain where workers are not collectivised, at least not in autonomous unions, and where strategies of straightforward managerialism, or perhaps even market individualism or private corporatism, operate. These are however not our concern here. The Compromise exists within that area of industry in which collective bargaining takes place between organised labour and those employers who more or less recognise the existence of unions. It is there that we shall expect to find the strategies of both dominant and subordinate liberal collectivism which together constitute the Compromise. In particular this has been a model of industrial relations favoured by governments in at least the post-war period.

In time, some elements of the Compromise date back to at least the First World War period; for example, the pattern of industrial conciliation and the traditions of the Ministry of Labour.¹⁾ But the major development cannot be dated back beyond the period of full employment, when positive sanctions assume a greater importance than negative ones in the employment relationship, making it necessary for many employers to accept pluralism and the organisation of labour. The advance in the state as a guarantor of citizenship rights (through, for example, the welfare state), and the new role of unions in national economic policy, initially in the wage situation, all date from the same period. It is therefore possible to date the Compromise as a post-war (World War II) development.²⁾

The predominant feature of British industrial relations has been collective bargaining between employers and organised workers, with the state only rarely intervening. In terms of employer/employee relations this has meant a system of indulgent pluralism with only a few attempts at involvement, and with conflicts treated as those of interests. Pluralism and separation (non-involvement) are built into the British concept of bargaining, in which the two sides of industry confront each other over a demand for, say, an improvement in wages, with the threat of mutual sanctions in the background.³⁾ In accepting

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- 1) E.H. Phelps-Brown, The Growth of British Industrial Relations (London, Macmillan, 1959); V.L. Allen, Trade Unions and the Government (London, Longmans, 1960), ch.3.
 - 2) V.L. Allen, ibid; S. Beer, Modern British Politics (London, Faber, 1965); J.R. Crossley, 'Collective Bargaining, Wage Structure and the Labour Market in the United Kingdom', in E.M. Hugh-Jones (ed), Wage Structure in Theory and Practice (Amsterdam, N. Holland Publishing Co., 1966); B.C. Roberts, National Wages Policy in War and Peace (London, Allen and Unwin, 1958) ch.2.
 - 3) H.A. Clegg, The System of Industrial Relations in Great Britain, second (enlarged) edition, (Oxford, Blackwell, 1972) chs. 6, 7. A. Flanders, Management and Unions (London, Faber, 1970), p. 94-103. R.P. Dore, British Factory - Japanese Factory, (London, Allen and Unwin, 1973), chs. 5, 10.

the use of the strike sanction against them, employers accept pluralism; and in not challenging the existence of the entrepreneurial or managerial interest organised workers do likewise. The stress on separation rather than involvement is clear in the traditional exclusion of joint discussions over management and control of the firm from bargaining negotiations. Employers have maintained this principle in order to keep themselves free of union involvement in the running of the enterprise, while unions have done so in order to avoid being compromised by accepting a management perspective.¹⁾ An important exception to the acceptance of separation by management consists of occasional attempts at encouraging workers to identify with the firm. To this end there are spasmodic campaigns to improve communications, to institute committees for 'joint consultation' (significantly strongly separated from collective bargaining), and frequent appeals to the work force to accept a shared interest.²⁾ At the level of managerial ideology these beliefs in the desirability of involvement have been very important, but their practical significance in firms with a strongly organised labour force has been weak. Involvement may actually be the subjectively held strategy of large areas of British management; but separation is the strategy which is frequently followed in practice.³⁾

1) R.P. Dore, ibid, chs. 5, 8. The question of these mutual suspicions is frequently held responsible for the general failure of joint consultation; see H.A. Clegg and J. Chester, 'Joint Consultation', in A. Flanders and H.A. Clegg, The System of Industrial Relations in Great Britain (London, Blackwell, 1960), pp. 344, 5; H.A. Clegg op. cit., pp. 185-193.

2) A. Fox, Industrial Sociology and Industrial Relations, Research Paper no. 3, Royal Commission on Trade Unions and Employers' Associations, (London HMSO, 1966); J. Child, British Management Thought, (London, Allen and Unwin, 1969), ch. 6

3) A. Fox, ibid.

Certain exceptions to the practice of pluralism should also be noted if an accurate picture of the Compromise is to be presented. Managements have usually succeeded in conceding pluralism over a limited range of issues (wage bargaining, low-level aspects of control of the work process), while maintaining intact a monist position on the more strategic issues of company or industry-level action.¹⁾ To a large extent this has not been challenged by unions, since workers' own conception of their interests has often been limited to these small-scale aspects of their work.²⁾ The insulation between areas open to pluralism and those remaining monistic has historically been achieved by two main devices. First, by limiting negotiations with workers to industry-level bargaining between employers' associations and union bureaucracies management was able to exclude the actual conduct of day-to-day industry from the bargaining process.³⁾ Second, as workers in several industries began to bargain with shop-floor management and without the union bureaucracy, managements adopted a strategy of indulgence. So long as the challenge was limited to low-level issues and shop-floor bargaining, they were prepared to ignore it, making considerable concessions on issues of industrial order, but containing the challenge at the shop-floor level.⁴⁾ They

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- 1) J.T. Winkler, 'The Ghost at the Bargaining Table: Directors and Industrial Relations', British Journal of Industrial Relations, Vol. XI, no. 2. (July 1974); Royal Commission on Trade Unions and Employers' Associations, Report, 1968, ch.III; A. Fox, A Sociology of Work in Industry, (London, Collier-Macmillan, 1971), p. 158
 - 2) J.A. Banks, Marxist Sociology in Action (London, Faber, 1970), ch.12; C.J. Crouch, 'The Drive for Equality?' in L. Lindberg et al (eds) Stress and Contradiction in Modern Capitalism: Public Policy and the Theory of the State (Lexington, D.C. Heath, forthcoming)
 - 3) A. Flanders, op.cit., p. 158
 - 4) Donovan Report, op. cit. ch.III; J.T. Winkler, op. cit.; A. Flanders, op. cit. p.168-173. As a form of institutionalised conflict bargaining is often preferred by employers to the risk of fragmented, uncontrolled actions (Confederation of British Industry, Productivity Bargaining (London, CBI, 1968), p 8)

did not interfere with the bargaining, and the bargaining did not (at least for a period) interfere with their conduct of the enterprise.

Similar ambiguities are revealed in the treatment of conflict. The emphasis of policy among employers and governments has been to accept conflict but seek to channel and limit it. Considerable attention has been devoted to the improvement of conflict-regulating institutions and procedures.¹⁾ The position on this of organised labour has been ambiguous and variable. Frequently unions have joined with employers and governments in this task, accepting the over-riding goal of the minimisation of conflict. However, they have usually been reluctant to pursue this goal at the expense of limiting labour's counter-vailing power, and to that extent they have sought a more outright pluralism. Among the complex differences here there may well be a distinction between the attitude of formal union bureaucracies (devoted to institutionalised procedures) and unofficial shop-floor groups, whose main concern is the pursuit of their immediate interests as they define them.

The ideological treatment of conflict is also ambiguous. Managerial ideology frequently rejects conflict entirely, but pragmatically employers who have accepted collective bargaining have learned to adjust to it, rarely seeking sanctions against strikers, and in practice permitting most disputes to be settled as compromises between rival interests rather than as appeals to shared, established bodies of rights.²⁾ It is another of the characteristics of British collective bargaining that, in comparison with some other countries,

1) The Donovan Report (op.cit.) is itself an outstanding example of this phenomenon.

2) A. Fox, Industrial Sociology and Industrial Relations; C.W. Guillebaud, The Role of Arbitration in Industrial Wage Disputes, (London, Nisbet, 1970).

few of its issues are formalised into disputes over rights, whether in legal terms or in private industrial tribunals.¹⁾ And even when tribunals and so forth are involved their modus operandi is frequently based on an acceptance of a compromise of interests. For example, courts of enquiry have usually based their proposals on what will be necessary to reconcile the parties to the dispute; arbitration has as its task the attempt to produce the solution which the parties would have reached had they successfully concluded their negotiations.²⁾ Closely related to this essentially interest-oriented nature of conflict is the tradition of arbitrators not stating the reasons for their awards. And, as Lockwood³⁾ has pointed out, the three principles which tend in practice to guide arbitrators are: the concept of the 'living wage'; the notion of the 'fair' wage, or criteria for differentials above the living wage; and the ability of industry to pay. These are all factors which enable a reconciliation of the demands of workers with employers' search for industrial order and structured inequality, as will be discussed in more detail below when questions of income distribution are considered.

The state has played a highly non-coercive role in British industrial relations.⁴⁾ In comparison with most other advanced industrial societies, there has in Britain been very little legislation regulating labour relations. From the 1870s onwards the law developed negatively, excluding aspects of labour relations from the operation of Common Law rather than providing positive rules which might involve

1) A. Flanders, op. cit.

2) C.W. Guillebaud, op. cit.

3) D. Lockwood, 'Arbitration and Industrial Conflict', British Journal of Sociology, Vol. VI. no. 4 (1955)

4) H.A. Clegg, op. cit., ch. 9; A. Flanders, op. cit.; K.W. Wedderburn, The Worker and the Law (Harmondsworth, Penguin, 1965), ch 4

the state in taking a stand on industrial conflicts, while of course continuing to provide 'background' support to domination within the labour contract. This development is a vivid expression of the desire to maintain the segregation between economy and polity, starting initially as a feature of market individualism but developing into a shared interest of management and organised labour under liberal collectivism. ¹⁾ Employers, unions and the state were all (until the latter years of the period covered by this study) content with this situation. The state did not seek to take on politically explosive industrial conflicts, while neither side of industry felt confident that it could entirely trust the state to operate on its own behalf. Similarly, the state has been relatively passive even in its non-coercive operations, with the exception of the Ministry of Labour's conciliatory role. Given a long-term Government strategy of avoiding industrial conflict, the Ministry developed as an instrument for intervening in order to facilitate conciliation and mediation in the event of a breakdown in voluntary arrangements. Employers, sharing in general the commitment to industrial peace, acquiesced in that particular role for the state and made use of its facilities.

Acceptance of an organised work force has not been universal among British employers, and even those conceding it for their manual workers have often rejected it for their staff employees. ²⁾ However, our concern here is with managerial strategies within the large sector where collective bargaining is accepted. By definition this implies at least pragmatic acceptance by management of a collectivised work force. For its part the state has positively encouraged unionism

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- 1) For an example of this compromise between economic principles and bargaining by autonomously organised labour, see C.W. Guillebaud, op.cit.
 2) G.S. Bain, The Growth of White-Collar Unionism (Oxford, Clarendon Press, 1970).

among its own employees,¹⁾ and has more modestly commended it to private employers too. With the exception of some attempts at creating 'company unions', particularly among white-collar workers, employers have at least pragmatically adopted a strategy of accepting the autonomy of unions. There is perhaps an exception to this flowing from similar processes as described on the involvement versus separation dilemma. At the level of ideological appeal management has frequently stressed the unity of the 'two sides of industry', inviting unions to co-operate with them in jointly pursuing prosperity and a peaceable work force. But again, until the latter years covered in this study, these exhortations rarely became embodied in practical action. Somewhat more substantially, as noted in chapter three, the mere fact of making and accepting a bargain implies a liability to maintain one's own side of it, even if only in order to assert one's credibility as a negotiating adversary. Therefore, when a union reaches an agreement it incurs a degree of responsibility to ensure that its members deliver their side of it, which appears in effect as acting in support of managerial authority. This has been an important issue in Britain, management often stressing this responsibility. To a certain extent unions have accepted it, but probably more striking has been their reluctance to take sanctions against workers acting to improve on the terms of an agreement - hence the whole debate over unconstitutional strikes, which is in effect a debate over the extent to which participation in bargaining imposes a degree of heteronomy on unions. Finally, the particular role of the British state in industrial relations and its acceptance by employers has meant acceptance of the unions as organisations in their own right, not deriving their licence to exist from the state.²

1) Ibid; A. Flanders, op.cit.

2) Important here is the 'negative' nature of most trade-union rights, such as the right to strike, developing as a result of the reluctance of 19th century legislators formally to recognise collectivism (K.W. Wedderburn, 'Labour Law and Labour Relations in Britain', BJIR, Vol X No2 (1972), esp p 272

A further aspect of British trade-unionism which is relevant to their relation to dominant interests and the state is the frequently noted tendency for union leaders to be drawn into national elite groups. They have been involved in many official committees and other bodies, often in collaborative rather than bargaining roles¹. Runciman argues that this has been enough to assuage the power aspirations of the working class as a whole². This may well assume too much, and it is more reasonable to concentrate on union leaders as a group in themselves, creating a new structure of institutions in which they occupy a central role³. Banks describes such a process as part of collectivism, but in so far as it leads to union leaders identifying their role with that of management we may go further and describe it as corporatism (usually of the voluntarist or private kind). However, this tendency is checked by other elements in the situation. British union leaders have adopted a position finely balanced between collaboration and independence. As a mixed position it emerges particularly clearly in comparative studies, especially those which contrast the British situation with countries having far more collaborative union movements⁴. An important factor here is the relation between leadership and membership in British unions. Apart from exceptional periods like the immediate post-war years, leaders have never controlled their members in a way which would correspond to their own personal integration.

1. S.H. Beer, op cit, ch XII

2. W.G. Runciman, Relative Deprivation and Social Justice (London, Routledge and Kegan Paul, 1966), ch VI

3. J.A. Banks, op cit, chs 10, 12

4. For example, J. Barbash, Trade Unions and National Economic Policy (New York, John Hopkins, 1972), esp chs 6, 8; R.P. Dore, op cit, chs 5, 7

The pattern of income determination produced by the intertwining of employer and union strategies in collective bargaining has produced a complex and variable pattern of dilemma-resolution which needs to be considered at some length, particularly since incomes policy (an important issue in Parts II and III) affects this area of industrial relations in particular. Further, a detailed examination of pay bargaining will illustrate in practical detail several of the other points made here concerning employer-employee relations and the position of workers' collectivities. In order to complete the summary account of the Compromise before this discussion, its conclusions will be presented first.

To the extent that pay is bargained its determination is both emergent and ad hoc. However, to the extent that the bargaining takes place within an occupational structure based on differentials of skill, responsibility and market scarcity, it incorporates elements of systematic determination, which are themselves a mixture of emergent (market) and administered (managerially determined) processes.¹⁾ A similar ambiguity over the dilemma between normative and objective criteria can also be seen. Managements and unions have collaborated in this variable and complex structure, and pragmatically both have accepted its compromise strategy. Within that, one can discern managerial pressures to secure greater objectivity, system and administration.

1) For examples of this mixture, see C.W. Guillebaud, op.cit; and D.I. Mackay, 'Internal Wage Structures', in D. Robinson (ed), Local Labour Markets and Wage Structure, (London, Gower, 1970).

Presented baldly, therefore, the strategies typically pursued by employers and unions with the Compromise follow reasonably closely the dominant and subordinate versions respectively of liberal collectivism as outlined in chapter three. However, it is important to note the presence of traces of corporatism, mainly in the dominant strategy, but also in the subordinate response. Indeed, the ideal type of the dominant version of liberal collectivism in chapter three included certain tendencies away from liberalism in the direction of private corporatism. Partly these tendencies have been vain attempts by employers to shift away from bargaining, but there has been some reciprocation from labour, and some elements of official conciliation machinery contain a wider degree of value integration than the liberal model assumes. Although unions have accepted few formal involvement devices, the moderation of bargaining and the kind of criteria which it has used (which will be discussed in detail below) imply a level of ideological cohesion. Further, since the Second World War there has been a degree of tripartite national-level discussion which has implied some agreement on national goals; elements of voluntarist corporatism are present here. Finally, the ambiguity of a union's role in delivering its side of a bargain has already been indicated.

The Compromise therefore comprises liberal collectivism and elements of corporatism in its various forms. It is for this reason that the phrase 'the Compromise' is used to describe the situation in Britain rather than liberal collectivism. This is perhaps an unfortunate complication for any attempt at tracing developments

between clear-cut strategies, but such ambiguities are the essence of British industrial relations. As such, it is important to take account of them, because they are important to an understanding of the relationship between the Compromise and corporatist tendencies in recent years.

Collective wage bargaining

Better expression can be given to the subtleties of the Compromise through a discussion of the way in which conflict and consensus operate together in the detailed conduct of pay bargaining. Four central aspects of this bargaining will be considered: its dependence on the occupational structure, its opportunism, its use of equity criteria, and its essential narrowness.

Both pay negotiations and bargaining over control take place within the terms of an existing occupational structure, which imposes certain important constraints on those processes. First, the occupational structure is essentially a differentiation according to skill, responsibility and authority,¹⁾ which factors in turn are the principal determinants of pay,²⁾ even if in practice there are many incongruities and inconsistencies in the relationship between skill and responsibility on the one hand and pay on the other.³⁾ Bargaining concerns itself with these same criteria, and therefore tends to take place within the parameters set by the occupational hierarchy.⁴⁾ For example, in so far as unions and workers make use of skill and responsibility criteria in making a claim (even if they do so purely pragmatically), they strengthen the basis of an entire hierarchy which insists on the

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- 1) R. Marris, The Economic Theory of 'Managerial' Capitalism, (London, Macmillan, 1964), p. 93; M. Fogarty, 'Portrait of a Pay Structure', in J.L. Meij, (ed) Internal Wage Structure, (Amsterdam, N. Holland Publishing Company, 1963).
 - 2) D. Robinson and W.M. Conboy, 'Wage Structures and Internal Labour Markets', in D. Robinson (ed), op.cit. esp. p. 216; H.A. Clegg, The System of Industrial Relations, pp. 218-31, 266-80; J.A. Banks, Marxist Sociology in Action, ch.11.
 - 3) D. Robinson and W.M. Conboy, ibid, p. 216, 224; D. Robinson, 'External and Internal Labour Markets', p. 63, 4; and 'Practical Conclusions', p. 282, in ibid.
 - 4) J.A. Banks, Marxist Sociology in Action, p 191

relationship between pay and these factors. Since skill and responsibility, being the criteria of the structure itself, tend to be the easiest criteria on which to seek an increase, these tend to be important arguments in bargaining.¹⁾ This factor overlaps very heavily with that of 'comparability'; jobs can be considered 'comparable' if they are similar in their occupational characteristics. Therefore, although the application of comparability criteria has caused considerable difficulties for employers and incomes policies, they are part of the Compromise, being essentially criteria which are compatible with a system of inequalities of power, reward and job content.

Second, claims are usually made on behalf of occupationally defined groups, though these may vary in size from the range of hierarchically ordered occupational categories which are combined in an industry-wide claim, through the firm occupational distinctions of craft identity, to the ad hoc claims of small groups of workers. The contours of the occupational structure determine (or at least very powerfully influence) the size of the group which makes a claim and the kind of elements which enter into that claim.

Third, occupations serve as the focus for subjective loyalties and identities. This affects both the perceptions which determine workers' judgments in comparability claims and their sense of solidarity. This factor can operate in several different ways. For example, there are: the strong loyalties which exist when occupation and residential communities overlap as, outstandingly,

1) S.R. Parker, Workplace Industrial Relations (London, HMSO, 1968)

with mining;¹⁾ the very particular solidarities which develop around the skilled crafts;²⁾ and finally occupation is an important source of status identity in the Weberian sense, a factor which affects action at several points but most significantly at the crucial manual/non-manual status barrier.³⁾

Finally, the occupationally differentiated nature of most pay claims means that they can frequently be met through minor redistributions among different groups of subordinates, with sometimes divisive consequences. In more extreme cases, many pay claims actually take the form of disputes between different groups of subordinates.

In several ways therefore the divisiveness of the occupational structure (which was stressed in chapter two) is reinforced through and influences the bargaining structure. And changes in occupational structure will change the operation of bargaining. In this way the occupational structure provides the very substance of industrial conflict and the basis and roots of action for subordinates' demands. But through this very fact the scope of the challenge to the structure of domination is severely limited; the conflict takes place within categories defined by that structure and patterns of subordinate solidarity are fragmented.

1) W.H. Scott, et al, Coal and Conflict (Liverpool, at the University Press, 1963) ; N. Dennis, et al, Coal is Our Life (London, Eyre and Spottiswoode, 1956).

2) See, for example, D. Wedderburn and R. Crompton, Workers' Attitudes and Technology (Cambridge, at the University Press, 1972); A. Flanders, 'Trade Unions and the Force of Tradition', in A. Flanders, Management and Unions.

3) W.G. Runciman, Relative Deprivation and Social Justice, p 91 ff

Opportunism: The economistic nature of trade-union action¹⁾ imparts to it a necessary element of opportunism. But this element is intensified by certain factors in the British situation. First, British collective bargaining has never restricted itself to argument within a specified range of criteria, such as productivity or the cost of living. Rather, unions use a pragmatic variety of arguments to justify their claims, and employers have been prepared²⁾ to entertain a jumble of different bargaining criteria.

The system of arbitration perpetuates this pragmatism through the tradition already mentioned of not disclosing reasons why a particular settlement is reached, arbitrators seeing their task not as the implementation of particular criteria but as the discovery of that solution which collective bargaining would have reached had the parties been successful in reaching agreement. It is true that in some parts of the public sector elaborate formulae for working out increases in pay have been established. But these are all related to the solutions being reached through the operation of labour markets and collective bargaining elsewhere, and not to abstract criteria of systematic entitlement.

Second, the process of decentralisation in bargaining which has been such an important feature of post-war developments intensifies this tendency. By its nature, ad hoc fragmented³⁾ workplace bargaining makes use of all or any available criterion.

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- 1) For an elaboration of the concept of opportunism see J.H. Goldthorpe, D. Lockwood et al, The Affluent Worker (Cambridge, at the University Press, 1968,9); see also C.J. Crouch, 'The Drive for Equality?'; R. Hyman, Marxism and the Sociology of Trade Unionism, (London, Pluto Press, 1971); W. Brown, Piecework Bargaining (London, Heinemann, 1973); S. Cotgrove et al, The Nylon Spinners, (London, Allen and Unwin, 1971); H.A. Turner, G. Clack and G. Roberts, Labour Relations in the Motor Industry (London, Allen and Unwin, 1967) pp. 144 ff, 331.
 - 2) S.R. Parker, op cit
 - 3) S. Lerner et al, Workshop Wage Determination, (Oxford, Pergamon, 1969) ch. 2.

In part (though this should not be over-stressed) this kind of bargaining is dependent on the opportunities afforded by different technologies, payment systems and authority patterns.¹⁾ The frequency of unofficial disputes in the mining industry in the 1950s, and the subsequent decline in these disputes, have both been attributed to changes in payment systems and supervision patterns.²⁾ Similarly, it is payment systems together with such factors as frequent technological change and considerable instability of employment which has been held to explain the large volume of bargaining and high degree of labour unrest in the motor industry.³⁾ The major alternative theory in the literature to this socio-technical determinism is that which locates the source of workers' attitudes more generally in their social lives.⁴⁾ This literature has generated the concept of 'instrumentalism' which describes a pattern of short-range opportunism, and is therefore at least on this point compatible with the theories of the rival school.

'Comparability' is perhaps the most central concept in pay negotiations,⁵ and it takes several different forms. In some industries, particularly in the public sector, it is highly formalised and accepted equally by both sides. In other cases it is a device used by work groups to advance their position against the intentions of management as expressed in the existing pay

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- 1) S. Lerner, et al, ibid; D. Wedderburn and R. Crompton, op.cit.; R. Hyman, Strikes (London, Fontana, 1972), pp. 29, 34, 63.
 - 2) Scott et al, Coal and Conflict, pp. 175-176; M. Silver, 'Recent British Strike Trends: a Factual Analysis', BJIR, March 1973
 - 3) H.A. Turner et al, op.cit., pp. 92, 163, 164, 216 ff, 344.
 - 4) J.H. Goldthorpe and D. Lockwood, op. cit., pp 69-78 ; S. Cotgrove et al, op. cit.
 - 5) H.A. Turner et al, op cit, p 336 ff; Office of Manpower Economics, Wage Drift (London, HMSO, 1973), ch 6

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 structure. In these cases comparability appears as a traditionalistic defence against managerial attempts to 'rationalise' a pay structure, and is thus a challenge to managerial authority though dependent for success on management's willingness to accept the criterion.²⁾

'Rationality' as a criterion in pay determination is 'managerial', in that it promotes an ordered bureaucratic hierarchy which can be determined by administrative decision (and, of course, as a hierarchy of skill and responsibility it tends to allocate management itself at the head).³⁾ Comparability is not its direct opposite, that is it cannot be considered a necessarily 'pro-worker' criterion, since it does relate to the existing hierarchy of positions, based normally uses criteria of the kind on which the structure of inequality is based and may in fact also be seen as some kind of substitute for market relations.⁴⁾ It is an instrument in the hands of workers in so far as it can be used by them to challenge an existing pay structure in terms which management may be willing to accept. Comparability is in fact the essence of the Compromise: it accepts the overall structure of inequalities, but enables workers to bargain and challenge managerial authority within the terms of that structure. Further, although it provides criteria which may be strongly believed in, it does not involve an attempt at the systematic imposition of a system. Rather, comparability enables the overall hierarchy of skill

1) Several examples will be found in the reports of the National Board for Prices and Incomes, and will be encountered when those reports are analysed in detail in chapters 6 and 7.

2) D.A. Mackay, 'Internal Wage Structures', p. 148

3) J.A. Banks, Marxist Sociology in Action, ch. 11.

4) H.A. Turner et al, op cit, p 338

and responsibility, workers' perceptions of 'fairness', their search for stability and their bargaining power all to be reconciled within the overall ad hoc and flexible nature of the system referred to above.¹

The role of equity: However, while stressing the role of opportunism it is also important to stress that it is not unlimited. Even though criteria will be deployed as a case for an increase for purely pragmatic reasons, they cannot be treated entirely as mere rationalisations.² Some issues are more likely to generate strong feelings among workers than others; workers' 'moral' sense can be outraged so that in disputes called over certain grounds they are far more likely to remain firm than over others. This brings us therefore to our second aspect of collective bargaining: its use of normative reference points. This should not be over-stressed; as Makay has pointed out:

"the structure of intra-plant earnings is not the same in all units. Indeed, the outstanding characteristic of the earnings relativities in any plant is its uniqueness; there are many intra-plant earnings structures as plants. Whatever the force of equitable comparisons therefore clearly they do not give rise to similar occupational differentials in each establishment. There is no "accepted" relationship between the earnings of different groups which the employee carries with him as he moves from plant to plant."³

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1. C.J. Crouch, op.cit., D.Wedderburn and R. Crompton, op.cit., ch.3; H.A. Turner, et al op.cit. pp.69,83,127,159,331; D.T.B. North and G.L. Buckingham, Productivity Agreements and Wage Systems (London, Gower, 1969), p.87.
 2. C.T. Saunders, 'Incomes Policy in Britain: with Special Reference to Consideration of Equity', (Konferenz des Instituts für Weltwirtschaft an der Universität Kiel, 1965), p.148.
 3. D. MacKay, op.cit., p.156.

However, the use of comparability as a criterion is frequently invested with a strong sense of entitlement, even if sometimes workers and unions have used comparisons quite instrumentally, seeking whichever comparisons suit their case. Also important to workers is the maintenance of a particular set of differentials; if workers feel that a group behind them has moved closer, or a group above them has advanced further, they are likely to see this as an extreme 'unfairness';¹ thus a wage claim may not be so much about a demanded increase as concerned with the wage structure.²

A further important criterion in pay claims which limits their opportunism is that of the cost of living. Workers adjust their claims so that they keep pace with increases in the cost of living, or less tangibly, secure a certain desired increase in their standard of living year by year (which will incorporate compensation for price rises). The origins of this are in the old notions of the 'living wage'. The pursuit of an increased standard of life is prominent in official union claims, where it is frequently based on objective cost of living index figures, and is therefore easy to trace; in several industries there have

1. H.A. Turner, et al, op.cit., p.334-6.

2. ibid., p.63

been specific cost-of-living bonuses.¹ The pursuit of a particular rate of improvement in living standards is more difficult to trace, and more subjective, though some researchers claim to have encountered it as an important orientation among workers.²

Like comparability, the pursuit of the living wage is of the essence of the Compromise in that it both expresses workers' demands (countering the logic of the market or of managerial hierarchy) while not challenging the overall structure of inequality.³ Although in some cases this demand has been precisely defined in terms of bonuses based on the retail price index, these have been rather unimportant in British collective bargaining, and union leaders tend not to want hard-and-fast rules of this kind, at least not when their bargaining position is strong.⁴ By and large claims based on the cost-of-living have followed the pattern of combining principled with ad hoc demands noted in connection with other kinds of claim.

The narrowness of bargaining: An important point which needs to be noted with respect to all these characteristics of collective bargaining is the narrow and restricted nature of criteria.⁵ This applies both to

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1. J.F.B. Goodman and G.M. Thomson, 'Cost of Living Indexation Agreements in Post-War British Collective Bargaining', British Journal of Industrial Relations, Vol.XI, No.2 (1973).
 2. For example, T. Paterson, Glasgow Ltd., (Cambridge, at the University Press, 1960), p.189 ff.
 3. ibid., p.195-6.
 4. J.F.B. Goodman and G.M. Thomson, op.cit.
 5. The discussion here has similarities to that found in W.G. Runciman, Relative Deprivation and Social Justice, especially his p 91 ff; and in B. Wootton, The Social Foundations of Wages Policy (London, Allen and Unwin, 1955)

national level bargaining and also, perhaps even more so, to localised bargaining and unofficial action. Whatever may be said concerning the militancy of unofficial action, it has not increased the extensiveness of claims.¹ There are several aspects to this narrowness. First, there is a narrowness of range of issues. Here official claims are probably narrower than unofficial action; typically official union activity has been concerned with adjustments of pay, hours of work and holiday entitlements.² Second, there is the narrowness in the range of comparisons used in comparability and differential claims of which several examples have been given. Here unofficial action is likely to be the narrower;³ claims here are frequently restricted to comparisons with workers in the same works, with possible extensions to the locality or (more rarely but with increasing frequency) to other workers in different plants of the same firm or other firms in the same industry.⁴ Rarely will there be a

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1. C.J. Crouch, op.cit., H. Behrend et al, Incomes Policy and the Individual, (London, Oliver and Boyd, 1967), p.37-43; Workplace Industrial Relations Survey, op.cit.
 2. W.H.Scott, et al, Coal and Conflict, p.192; W.G. Runciman, op cit, ch IV
 3. W.Brown, Piecework Bargaining, passim, H.A. Turner, et al, op.cit. p.96,142,224ff; R. Hyman, Strikes, p.118 ff.
 4. An important constraint here has been limitations on information available to workers concerning pay outside their own immediate locality. An important means for transcending these limitations which has been frequently used is the formation of shop stewards' combine committees, covering all plants within a large firm, or sometimes all firms in an industry. (S.W.Lerner and J.Bescoby, 'Shop Stewards' Combine Committees in the British Engineering Industry', British Journal of Industrial Relations, Vol.IV, No.2(1966)). The scope for company-wide comparisons was considerably extended by the spate of mergers in the late 1960s and early 1970s. (R.Hyman, 'Industrial Conflict and the Political Economy', in R.Miliband and J. Saville (eds). The Socialist Register 1973, (London,Merlin, 1974).

comparison stretching across different categories of workers; for example, there are few examples of claims by manual workers being based on the pay and conditions of white-collar or professional workers.

A third aspect of the narrowness of criteria has already been mentioned: nearly all the criteria accept the overall structure of inequality based on skill and responsibility. Even those criteria which do not follow this are in the sense of being defensive: cost of living claims, custom and practice rules, 'grievances' against unfair treatment, protests over dismissal of colleagues or over threatened redundancy. Similarly, the major means by which workers bargain over control issues: defence of craft restrictions, maintenance of custom and practice, gradual encroachment of control, all concern defensive or extremely limited, local powers.¹

Overall, this discussion has demonstrated the extent and the limitations of the liberalism of British collective bargaining. Workers and their unions have insisted on developing bargaining units to suit their particular interests; they have not accepted any imposed set of criteria to guide their claims; and they have imposed their concepts of fairness on market and managerial logic. But many managements have been able to reconcile themselves to this set of challenges because in practice these freedoms have been used to pursue unambitious sectional claims which accept a set of rules and criteria not so very different from those by which the established system itself operates.

1. W. Brown, op.cit.

Employers' challenges to the Compromise

The Compromise has been described here as a system which reconciled certain demands of both employers and organised labour, as each pursued strategies which, with certain exceptions, were consistent with different emphases within liberal collectivism.¹ It was suggested in chapter three that such a strategy is only open to dominant interests if features of the economic structure provide 'headroom' for the compromises it involves. This has been provided in post-war Britain by a level of economic growth in the form of mass prosperity which has made possible the satisfaction of labour's expectations. However, the level of growth has frequently lagged, and in that case the 'headroom' has increasingly been provided by inflation, with occasional periods when governments have temporarily broken an assumption of the Compromise by increasing levels of unemployment (in terms of the present framework, reducing the scope for pluralism). However, as suggested in chapter one, increasingly the inflationary mechanism, while a safety valve in one area of industrial relations (the area of the specific bargaining), was creating crises in other areas (that of the economy as a whole). An important degree of stability was still imparted by the institutionalisation and limitation of conflict within the Compromise, as has been described here, and by the subjective

1. The frequently noted stability of the overall pay structure is probably related to this fact. See G. Routh, Occupation and Pay in Great Britain, 1906-1960, (Cambridge, at the University Press 1965); R. Crossley, *op.cit.*, E.H. Phelps Brown and M. Browne, A Century of Pay 1860-1960 (London, Macmillan, 1968); C.T. Saunders, *op.cit.*; J.A. Banks, *op.cit.* also relates this stability to the nature of the bargaining system, p.191.

(ideological) restraints on workers' ambitions. But there were two limitations to these safeguards:

- (i). the value consensus was mainly the rather negative one of narrow perceptions and overall passive acceptance rather than the positive legitimation of an entire structure;
- (ii). as the institutionalisation of conflict collapsed at the formal level, it was replaced by the institutionalisation implied by the particularism of shop-floor militancy.

Again, it was the narrowness and limitations of workers' action which were protecting the edifice from radical attack, rather than a positive legitimation.¹ Gradually dominant interests sought new mechanisms for the restraint of subordinates' pressure, principally through the state, which breached the liberal collectivist strategy. These attempts provide the main subject for Parts II and III, but at this point it is appropriate to consider, in less detail, some of the independent initiatives within industry, and their implications for liberal collectivism.

In a straitening economic situation the latitude necessary to sustain, without major social change, the compromises of custom and practice, unilateral job controls, continued bargaining, and the ad hoc use of a wide range of criteria of income determination became

1. A. Giddens (The Class Structure of the Advanced Societies (London, Hutchinson, 1973) gives an account of stability similar to the above in that it stresses the narrowness of workers' demands and the importance of prosperity; but he places considerable emphasis on the distinction between economic demands and those for control (pp 205-211, 268, 292). Since he then differentiates between economic demands under easy and difficult conditions, and between aggressive and defensive demands for control, it is difficult to understand the weight placed on the initial distinction.

increasingly inconvenient to many managements. Most managers continued throughout the 1960s to prefer the **C**ompromise to the potential conflict of an attempt at changing it. But a minority began to search for new policies, and the minority is significant partly because it included some important employers and also because it eventually affected Government incomes policy and was from there transferred to many other employers. The techniques being developed included those for (i) increasing the formal administrative rationality of pay structures, and hence reducing the scope for bargaining by excluding many of the ad hoc criteria; (ii) changing pay systems to reduce the number of issues available for bargaining; (iii) most ambitiously, seeking to regain control for management over the disposition of labour, thereby eroding custom and practice, craft controls and such informal encroachments as speed restrictions, overtime conventions, and protective practices. These measures parallel the political and legal attack on craft controls, union power at the work place and unofficial strikes, and are clearly part of the same development. The most comprehensive device for securing these objectives was productivity bargaining, though other measures which might or might not be implemented as part of such a bargain were also important, such as job evaluation schemes and measured day work. These will therefore be discussed first.

Job evaluation, as a means of measuring jobs according to apparently scientific criteria, is a device for introducing internal coherence into an occupational grading structure and its related pay

differentials.¹ Although its ultimately subjective base is usually recognised, it serves an important managerial purpose in that (i) it brings pay structures under managerial control; (ii) it can claim a 'rationality' consequent on its use of scientific procedures and its ability to relate all jobs to a single set of criteria; (iii) the criteria which it advocates are those of skill and responsibility which, ultimately, support the position of management; (iv) it excludes the ad hoc pluralism of bargaining, in that bargaining can only be carried on within the criteria of the evaluation scheme. It is important to note that in making internal coherence according to a set of scientifically established criteria the base point of the system, job evaluation also challenges a pure market base of pay determination. In practice however there is considerable overlap with market criteria, since skill and responsibility tend to be reflected in market-determined pay scales. Job evaluation has been applied to many different groups of workers, especially white-collar workers. Where it has been introduced as part of an attempt at ending ad hoc bargaining, an important refinement has been securing the participation of workers' representatives in the process of allocating particular jobs to particular grades, though of course the process of determining the criteria has

1. NBPI, Report o.83, Job Evaluation, Cmnd.3772.

been a managerial one.¹ This is one of those developments at the level of the firm which has been noted at national level in previous chapters: the power of organised labour has become so entrenched that measures to regain managerial control nevertheless have to be carried out through participative means in collaboration with labour representatives.

The response of the unions to job evaluation has varied. Several accepted it particularly in the mid-1960s when several unions were strongly supporting all moves to increase the technological rationality of industry.² However, others, including the TUC also pointed out the potential threat which these developments posed to collective bargaining.³

If job evaluation sought to replace bargaining with the rational determination of pay differences, measured day work and related schemes sought to reduce the incidence of bargaining.⁴ As has been noted, workers' scope for bargaining varies with the pay structure of their employment. Piecework, because it involves so many changes and contains so many variable elements, provides considerable scope once workers are alert to the potentialities. A major development in the

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1. D.T.B. North and G.L. Buckingham, Productivity Agreements and Wage Systems.
 2. The most outstanding example was the Joint Industrial Board of the electrical contracting industry. See NBPI Report No.24, Wages and Conditions in the Electrical Contracting Industry, Cmnd.3172, and Report No.120, Pay and Conditions in the Electrical Contracting Industry, Cmnd.4097.
 3. Trades Union Congress, Job Evaluation, 1969,
 4. D.T.B. North and G.L. Buckingham, op.cit., p.77 ff; R.B.McKersie and L.C. Hunter, Pay, Productivity and Collective Bargaining, (London, Macmillan, 1973), chap.5.

managerial counter-attack has therefore been to find alternative forms of payment system that again subordinate the pay structure to managerial control.

Productivity bargaining: Productivity agreements were defined by the National Board for Prices and Incomes as:

'.....one in which workers agree to make a change, or a number of changes, in working practices that will lead in itself - leaving out any compensating pay increases - to more economic working; and in return the employer agrees to a higher level of pay or other benefit.'

Productivity bargaining itself served to fulfil a complex series of objectives, job evaluation, day-work schemes and other devices sometimes being subsumed within it. In several respects it can be seen as a development within the terms of the Compromise: in accepting plant-level bargaining it tried to reduce the incidence of conflict by adjusting its institutional forms; and in offering large pay increases in exchange for specific improvements in productivity it sought to achieve within the individual plant what post-war economic growth had temporarily provided for the system as a whole: positive market sanctions. But this was not the end of its implications.

First, it was clearly a device for regaining managerial control over the deployment of labour, and an attack on craft restrictions and other protective practices, and thus a means of increasing the power of management. Although it used positive rather than negative sanctions,

1. NBPI, Report No 36, Productivity Agreements, Cmnd 3311 (London, HMSO, 1967)

its aim was clearly a shift in the balance of power. An example of this which demonstrates also the use of involvement strategies is the remark of Flanders:

"Productivity bargaining implies that management and unions together are trying to sort out this problem of loss of control in workplace relations

". . . . The re-establishment of order and control is central to my case for productivity bargaining, because in the long run this may be far more important than the immediate gains that can be found in terms of increased labour productivity."¹

Second, it was a means of overcoming labour shortages and thus reinforcing the managerial position on that crucial axis of industrial relations. But third, it also involved a move from normal 'across the table' bargaining. Employers sacrificed their traditional insistence on rigorously separating bargaining over pay and conditions from managerial determination of the organisation of work. Now management invited workers' representatives to discuss improvements which could be made in work organisation to mutual advantage.² Thus an attempt was being made to transcend conflict and ensure that negotiations took place in a context of shared goals, the goals being provided by the logic of managerialism which dictated the nature of the reorganisations being offered.

1. A. Flanders, 'Productivity Bargaining as a Rule-Changing Exercise', in D.C. Alexander (ed), A Productivity Bargaining Symposium, (London, Engineering Employers' Federation, 1969.)
2. J. Child, The Business Enterprise in Modern Industrial Society, (London, Collier-Macmillan, 1969), p.102..

The implications of productivity bargaining for the Compromise and the balance of power within industrial relations were therefore very complex, and this is reflected in the literature on the question. Its principal advocate, Allen Flanders, frequently described the purpose of productivity bargaining as being useful to management in regaining control:

"The distinguishing, common feature of all the major, genuine productivity agreements is that they are attempts to strengthen managerial control over pay and work through joint regulation."¹

But he also acknowledged that this increasing role for joint regulation gave unions and workers the chance to increase their scope for bargaining and intensify conflict.² On the other hand, the Marxist left who portrayed productivity bargaining as the most recent weapon in the employers' offensive against workers' struggles,³ also recognised the scope it afforded for extending workers' challenge to managerial control.⁴ Some attempt at steering a path through these ambiguities will be made here by examining the implications of productivity bargaining for various dimensions in our framework.

In terms of employment relations, the ambiguity can be captured by summarising the development as an entirely unambiguous attempt at

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1. A. Flanders, Management and Unions, p.204; see also D.T.B. North and G.L. Buckingham, op.cit., p.175.
 2. A. Flanders, The Fawley Productivity Agreements, (London, Faber, 1964), chap.5.
 3. A. Topham, 'New Types of Bargaining', in R. Blackburn and A. Cockburn The Incompatibles, (Harmondsworth, Penguin, 1967); and T. Cliff, The Employers' Offensive, (London, Pluto Press, 1970). This latter work is considered by McKersie and Hunter, op.cit., to have been influential in eventually discouraging workers from pursuing productivity deals (p.113 (f))
 4. T. Cliff, ibid.

restoring order, increasing involvement and treating conflicts as matters of rights, at the expense of a certain risk in extending the scope for pluralism. The shift from indulgence to order was clearly a central objective of productivity bargaining as the statements by Flanders quoted above have indicated.¹ The formula of increased control through joint regulation captures the combination of order and increased pluralism, but it is important to examine the nature of this latter and the changes from liberal collectivism which were intended on the involvement versus separation and conflict as rights versus interests dimensions.

The literature contains many examples of involvement strategies. Behind them was an attempt at finding a new basis for ideological unity between workers and management through their shared interest in higher productivity and in the presumed appeal of rationalised pay systems. The former at least stood some chance of success insofar as many of the instruments of workers' unilateral controls which stood in the way of productivity improvements hardly represented major extensions of workers' power (for example, the right to work 20 hours a week overtime). Various means were used to give practical effect to this desired ideological unity. Use was made of the devices which, as Fox has described, were developed by managerial science to counter the problem of ideological estrangement, such as work-organisation plans

1. A. Flanders, op.cit., stresses the importance of management's confidence in taking the initiative and regaining control, chaps. 2 and 6; a survey of the ingredients of productivity deals during the period when they were largely the result of managerial initiative indicates that one of the major achievements was the restoration of tight managerial control over the work force (McKersie and Hunter, op.cit. chap.5.)

based on the theories of Maslow, Herzberg and others, and participation schemes like the Ruckert and Scanlon plans.¹ Several agreements made prominent use of granting 'staff status' to manual workers, based on the argument that this would increase their sense of identification with the firm (as was presumed to be the case with white-collar workers) and erode invidious differences which might inhibit wholehearted co-operation in company objectives.² In some cases shop stewards or groups of workers would be invited to share in the establishment of a new payment plan³ (within criteria of rationality already established by the management⁴). Closely related to these developments were intensive programmes of meetings, joint consultation and propaganda exercises organised by management in advance of the actual bargaining. This is frequently described in the literature as an attempt to change the 'culture' of a factory - which may be regarded as identical to a process of engineering ideological change.⁵

It would be a mistake to write off strategies of this kind as mere gimmicks, even if their practical success was often limited.⁶ The most

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1. A. Fox, Beyond Contract, pp.338-347; for examples see D.T.B. North and G.L. Buckingham, op.cit., chaps.2,8.
 2. S. Cotgrove, et al, The Nylon Spinners, chap.3; R.B. McKersie and L.C. Hunter, op.cit. chap.2
 3. S.Cotgrove, et al, op.cit., chap.3,4; D.T.B. North and G.L.Buckingham op.cit., pp.99,165,187.
 4. D.T.B. North, and G.L. Buckingham, ibid., p.166.
 5. This was a prominent theme in A. Flanders, The Fawley Productivity Agreements, op.cit., and is followed in D.T.B. North and G.L. Buckingham op.cit. and R.B. McKersie and L.C. Hunter, op.cit.
 6. A. Fox, Beyond Contract, pp.115,347; S. Cotgrove et al, op.cit. chap.5.

serious advocates of productivity bargaining regarded such devices as far more than mere trimmings to a conventional bargaining exercise. In their major study of the experience of productivity bargaining in Britain, McKersie and Hunter elevate this dimension to the centre of their analysis.¹ They establish a typology of two forms of productivity agreement, direct and indirect. The former corresponds closely to the conventional bargaining exercise based on ideological separation as described here for liberal collectivism, while the latter includes the measures discussed above, which the authors consider to mark a shift to a pattern of relations very similar to that described here as 'involvement'. It is this more ambitious form which McKersie and Hunter take to be the 'true' productivity bargain, that is the form which secured most fundamental changes in work relations and which was a more prominent form of productivity agreement in the period when the process was primarily one of employer rather than union initiative. These changes therefore marked a much more substantial attempted shift from conventional bargaining than the merely rhetorical expressions of unitary interests which had previously co-existed with a pragmatic liberal collectivism.

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1. R.B. McKersie and L.C. Hunter, op.cit. chap.6. Expressions of managerial support for strategies of this kind will be found in the contributions by D. Dewdney (vice-chairman, Esso Petroleum; deputy chairman, NBPI; and executive director, Rio Tinto Zinc Ltd) and J. Keal (management consultant, AIC Ltd) to the symposium on productivity bargaining organised by the Engineering Employers Federation in March 1969 (D.C. Alexander (ed), op.cit.).

As noted, the extension of bargaining to issues normally considered to be within managerial prerogatives meant that productivity bargaining did involve the risk (or opportunity) of intensified pluralism. If workers did not adopt the passive role envisaged for them and took the initiative in proposing changes, they might increase their power within the company.¹ Two aspects of the productivity bargaining plan checked such possibilities. First, it was the intention of the involvement mechanisms to ensure that a sufficiently strong common value orientation was established before the conflictual aspects of bargaining began. Second, the increased pluralism was *only* present during the negotiation of the productivity agreements itself. After a successful agreement management would have eroded various unilateral controls being exercised by the work force and sought the agreement of workers to new forms of pay determination, thereby reducing pluralism.² Further support for managerial order would be available once the scope for conflict had been considerably reduced as most aspects of the work and pay situation became matters of settled rights rather than issues for bargaining and conflict. Finally, it was intended that from the bargaining would emerge an intensified order, replacing the indulgence which had normally been used to allay the advance of pluralism.

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1. For example, A. Fox ('Productivity Bargaining as a Rule-Changing Exercise', in Alexander, op.cit.) suggested that productivity bargaining was a means by which both sides of industry could better pursue their conflicting goals. See similarly the approach adopted in the same symposium by P. Evans, an officer of TGMU.
 2. D.T.B. North and G.L. Buckingham, op.cit., chap.8 and p.139; R.B. McKersie and L.C. Hunter, op.cit., p.293.

Productivity bargaining and its associated developments in payment systems are the only major policies discussed in this study which did not require state action, and it therefore has no important implications for the role of the state. However, it is a notable comment on the state of British industrial relations in the period that in practice it was only after substantial state encouragement through incomes policy that the idea of productivity bargaining spread through industry.

Productivity bargaining accepted an essentially organised work force, and in some of the more ambitious plans managements sought to co-opt the power and expertise of union representatives in designing a scheme and getting it accepted by the men. Again this was a development with radical potentialities. However, managements were not in a position to impose such a role on workers' representatives, and initiatives on this dimension primarily took the form of the 'involvement' devices discussed above. For example, if shop stewards could be committed to a job evaluation scheme through inviting them to participate in constructing the scales, the firm might win the active support of those wielding authority within the work force. In a somewhat different way, some advanced schemes for worker involvement, such as the Ruckert and Scanlon plans, make use of, not necessarily a unionised work force, but a work force which is encouraged to operate as a collective group rather than as a set of individuals (as under piecework, for example).¹

1. D.T.B. North and G.L. Buckingham, op.cit., chap.8.

It would be too strong to say that these devices involved a managerial strategy of rendering labour's organisations heteronomous, but they do constitute a significant movement in that direction.¹

The implications of productivity bargaining and its associated reforms in wage-payment methods for strategies of pay determination are considerable but easily summarised. With job evaluation, managements sought to relegate the role of comparability and other equity criteria and to replace them with 'objectively' rational systems.² The reclamation of managerial control clearly implied a major move towards administration, though somewhat compromised by the need to achieve it through what was after all a bargaining process.³ It sought thorough-going systematic pay structures.⁴ And it was obviously a very direct

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1. Occasional statements by union leaders would make legitimate a less cautious conclusion, for example, J. Conway, General Secretary, AUEW, at the EEF symposium (Alexander (ed), op.cit.):

"If we can get a simplified wages structure, to a very large degree, we get rid of the power of the unauthorised shop stewards and the militants inside our factories, because their power rests in their ability to bargain at local level on piecework prices.

"One of the things we have got to learn in a period of full employment is how to manage. Then, on the side of the trade union movement, we have to learn how to be managed, and to accept that our new role is not one of fighting and grasping everything we can get, but that we are a team and that we have a vested interest."

2. See A. Flanders, op.cit., chap.5, for a view of managerial attempts at changing the 'culture' as being essentially 'rational'; A. Flanders 'Trade Unions and the Force of Tradition', in A. Flanders, Management and Unions, explicitly contrasts union traditionalism with managerial rationality in productivity bargaining. See also D.T.B. North and G.L. Buckingham, op.cit., p.141-2.
3. D.T.B. North and G.L. Buckingham, op.cit., chap.10.
4. R.B. McKersie and L.C. Hunter, op.cit., chap.5, discuss the 'rational' reform of piecework systems through job evaluation. Summarising bargaining after a productivity agreement, they say:

"Whereas prior to productivity bargaining, performance standards were determined more by tradition, rule books and outside forces, with the use of new tools they are determined more by methodology. The shift⁵ more from a style of 'haggle' to one of rational determination - stewards continue to take an active part in the setting of pay and performance issues, but the tenor is more objective and less characterised by pressure". (p.293.).

instance of the pursuit of pay increases through growth rather than through redistribution.¹

Summarising these implications of productivity bargaining on the framework of analysis, we have:

TABLE 4.1:

The strategy of productivity bargaining

A1	Order	
A2	Involvement	
A3	Limits to pluralism through erosion of unilateral workforce controls	Increased pluralism through potential extension of scope for bargaining
A4	Conflicts as rights	
B1		no <u>necessary</u> implications
B2		(but see chapters 6,7)
C1	Collectivism	
C2	Tendencies towards heteronomy	
C3		no necessary implications
D1		Objectivity
D2	Administration	(but an important element of bargaining)
D3	Systematic determination	
D4	Productivity	

1. For an explicit affirmation of this opposition, see the contribution of G. Morris, Director, South Wales Engineering Employers Association to Alexander (ed) , op.cit.

With the exception of the strongly rationalist bias of its approach to pay determination, this profile strongly resembles that of private corporatism. This also indicates some of the major departures from the domination of straightforward market forces in these developments. In particular, this process can be related to two essential aspects. First, within the dimension of employment relations themselves, there is the ascendance of managerial over market forms of domination. Second, in the relations between economy and ideology there is a new emphasis on ideological factors. On the first of these, managerialism, it is notable that within productivity bargaining payment systems and working practices are increasingly geared to the particular organisational requirements of an individual firm, rather than to the free labour market. As McKersie and Hunter put it:

"... with respect to career paths, productivity bargaining has fostered a greater emphasis on vertical movement within the firm and less on horizontal movement among firms within the labour market

Increased worker attachment to the individual enterprise has been fostered especially by programmes of decasualisation, as in the docks and printing, and by various fringe benefit schemes which have encouraged career employment with one company. Such 'fruits' of productivity bargaining as sick pay, improved holidays, and retirement schemes can be characterised as moving the labour market of the individual firm from an open to a closed system." ¹

These points are paralleled very closely in Dore's quite separate analysis of payment within the Japanese corporatist employment system and ways in which current trends in Britain are leading towards its bureaucratised model.²

1. R.B. McKersie and L.C. Hunter, op.cit., p.294-5.

2. R.P. Dore, British Factory - Japanese Factory, chap.12.

Closely related to these same points is the heavy involvement of ideology. Here again the pure labour-market model of the employment relationship is transcended by a re-engagement of economic and ideological forces. As has been remarked above, it is a mistake to regard these aspects as gimmicks or simple rhetoric.

The union response

Finally, in considering the implications of these developments for the Compromise, it is necessary to give some indication of the union response (a point which will be pursued again in chapter 12). The pattern here is very varied. Some unions accepted the full logic of the managerial approach and negotiated agreements on the ideal-typical model. Others, particularly the TGWU, tried to take advantage of the scope for increased pluralism made available.¹ But more interesting than these opposite approaches is the strong evidence that most unions sought to turn the new development back into a more orthodox pattern of bargaining according to the rules of liberal collectivism.² This emerges strikingly from McKersie and Hunter's analysis.³ They argue that, as productivity bargaining became one of the most promising means of securing a large pay increase under the incomes policy of the latter 1960s, unions rather than managements began to take the initiative in these bargains. As this occurred, so the agreements came to concentrate more on conventional wage claims (exchanged for some adjustments in working practices). There were fewer ambitious reforms of pay structure and, most important, much less use was made of involvement mechanisms (in McKersie and Hunter's terms, these were direct rather than indirect bargains).

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1. Transport and General Workers Union, Plant and Productivity Bargaining, 1969.
 2. I. Richter, Political Purpose in Trade Unions, p.179,235.
 3. R.B.McKersie and L.C. Hunter, op.cit., chaps.3,5 and 10.

Summarising the conclusions suggested by this review of secondary evidence as succinctly as possible, productivity bargaining may itself be seen as a move towards private corporatism, while the union response to it was a reaffirmation of liberal collectivism, only rarely taking on the challenge of developing a direct response to corporatism. To know more of the implications of these developments from within industry would involve primary research. But the most significant challenges to the Compromise in the period under study came from the actions of the state. What, in detail, was being attempted in the major political developments of income policy and industrial relations law reform? And what implications did these changes have for the strategies of domination? These questions will be tackled in Part II by means of a detailed analysis of the primary documents which expressed the policies.

PART II:

DETAILED ANALYSES OF THE POLICIES

CHAPTER 5INCOMES POLICIES BEFORE 1964

The mere fact of incomes policy held some challenge for the Compromise, but in its detailed operation it had further fundamental implications. The most important agency in the period under review was the National Board for Prices and Incomes, but in this chapter some consideration will be given to the lesser bodies which preceded it: the Council on **Prices, Productivity** and Incomes, and the National Incomes Commission.

THE COUNCIL ON PRICES, PRODUCTIVITY AND INCOMES

The CPPI was not intended to be an instrument of state intervention in income determination. Set up after the 1957 sterling crisis, it had no powers and was not expected to pronounce on individual claims. Its work was pitched entirely at the exhort^{at}ary or normative level; it made general statements on the condition of the economy which employers, arbitrators, unions and presumably ordinary workers were meant to heed in their wage-fixing activities. An examination of its early reports shows that if the CPPI marked a departure from the Compromise, it was not in the direction of corporatism in any of its forms, but in that of a more market-regulated economy, if not actually towards individualism.

The main concern of its first report, in February 1958,¹ was to support a return to the negative market sanctions essential to such a policy. It gave broad support to the restrictive measures which the Government had taken the previous September and laid great stress on the importance of restricting demand as a means of preventing inflation. It ruled out attempts at incomes policies based on statistical norms, on the grounds that these would simply set minima by which incomes would rise.² In the view of the Council inflation should not simply be reduced; it

1. Council On Prices, Productivity and Incomes (Lord Cohen, Sir Harold Howitt, Sir Denis Robertson), First Report (London, HMSO, 1958)

2. Ibid, paras 109, 147

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was necessary to end it altogether . As part of such a policy the Council regarded an increase in the generally accepted level of unemployment as a legitimate instrument of policy; the existing level constituted a state of 'overfull' employment. The Council therefore placed its main hope in policies for restricting demand² . However, the Report departed somewhat from the ethical neutrality of a strict interpretation of market individualism. Since its task was primarily to exhort and point out the path of good and responsible behaviour, it found itself perforce making value judgements as to what constituted fairness and, hence, as to what people deserved to earn. It said that, in conditions of inflation, industrial wage earners and probably the 'active business classes' and holders of ordinary shares would hold their own and possibly gain, but that 'many useful and meritorious elements in society' - salaried workers, those on private pension schemes, holders of fixed interest debt and landlords - would be the victims of an 'arbitrary' and 'unjust' redistribution³ . The Report also tackled the problem of the relative movement of profits and wages. It accepted that dividends had risen particularly quickly since 1952, but rejected any critical implications of this on the grounds that comparative movements since 1938 showed a different pattern.⁴

1. Ibid, para 102

2. Ibid, para 137

3. Ibid, paras 93-98

4. Ibid, para 152

In summary therefore the CPPI's reconciliation of its laissez-faire policy and its talk of fairness was as follows. Its criterion for deciding whether a particular inequality or change in pay relationships was 'just' was whether it involved disruption of an existing or recent set of relationships which had derived ultimately from the operation of true market forces. 'Injustice' was represented by changes caused by inflation, generated in turn by 'overfull' employment. But more important to its exhortations were the observations that constant wage increases were not in fact changing the balance between wages and profits but simply helping inflation, and that this inflation threatened the interests of all.

Because of the laissez-faire tone of its first report the trade unions refused to co-operate in future with the Council, reducing its exhortatory powers still further. However, it provided support for a direction of policy being pursued by the Government.

In August it produced its second report, which expressed satisfaction at the reduction on wage increases; it reported that company profits had risen faster than wages and salaries for the first time for a long while¹. But the danger of inflation had only been scotched, not killed, and therefore the Government's policy of reflation only gently was right². The report called for some limitation on increases in profits to match wage restraint, but overall did not depart from the previous strategy.

By the Council's third report in July 1959³ there had been changes in Government policy (see chapter 11), and an important change in the membership of the CPPI, Professor Phelps Brown replacing Sir Denis Robertson. A distinct change of emphasis was discernible in the policies of the Council.

1. CPPI, Second Report (London, HMSO, 1958), paras 1-57

2. Ibid, paras 102-3

3. CPPI, Third Report (London, HMSO, 1959)

The Report expressed satisfaction with the slowdown in wage and price increases which had been achieved since its last report and gave general support to the reflationary measures now slowly being taken.¹ But the change came in a passage on the history of the past two years:

" In 1957, at a time when our output was rising again, the continued and conspicuous raising of rates of pay, such as hitherto entailed similar increases in profits and prices, gave rise to a widespread distrust of the £ sterling not only abroad, but also on this occasion at home. In those circumstances action had to be taken. It is evident that the method of restraining demand had serious disadvantages; we believe that there would be a great gain in finding some other way of avoiding a continuous rise in pay, profits and prices, and we give our next chapter to a survey of proposals which have been made to this end. But a better way of preventing this progressive rise has not so far been found, and it is therefore to this rise that the ultimate responsibility for the check to output since 1958 must be ascribed."²

The "proposals" referred to were those for operating on the level of pay and profit increases, first by setting up central machinery for co-ordinated decision, or second by creating conditions which would make the separate decisions bear the common interest in mind.³ The Council commented that the difficulty with the idea of a central body was either that it would have no teeth, or that it would have no means of ensuring that the commitments made in the central body by the leaders of employers and employees would be shared by their members. The Council

1. ibid., para.24-64.

2. ibid., para.116.

3. ibid., paras. 127-138.

also raised the possibility that courts of inquiry into pay disputes should be asked to bear in mind the general economic consequences of any settlement when judging a claim. The Council made no decisions on any of the proposals it reviewed, but commended them all for consideration, remarking that some "major interests" would be opposed to several of the ideas.

A long interval, during which a general election took place, intervened before the CPPI produced its fourth and final report in July 1961.¹ The shift in emphasis discernible in the third report was now clear. Of the original Cohen Council, no members now remained. Professor Phelps-Brown had been joined by Sir H. Emmerson and Lord Heyworth, the latter becoming chairman. The council placed the British problem in an international context:

"The Council was appointed to play a part in the study and advancement of knowledge of the problems of achieving stable prices without jeopardising full employment or a rising standard of living. The problem has not yet been solved by any of the advanced industrial democracies. Their experience has generally been that either money incomes have risen faster than output, so that prices have risen, or else restraints have been applied that have checked rising prices but have also set back employment and output. This has been so whether countries have adjusted pay through voluntary bargaining or by compulsory arbitration, and whether or not bargaining has been co-ordinated; and generally profits have risen as much as wages and salaries. It therefore seems unlikely that the responsibility for rising prices lies with any one section of the community or any one kind of institutions. But by the same token there is a common interest in finding a better way forward."²

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1. CPPI (Lord Heyworth, Sir H. Emmerson and Professor E. Phelps Brown), Fourth Report, (London, HMSO, 1961).
 2. ibid., para.2.

In what amounted to a fairly substantial shift in policy from the first two reports, it went on to argue that inflation could be caused at the point of pay determination and could not necessarily be tackled effectively by measures of demand restraint¹. Future policy would need to act on three areas: raising productivity, adjusting demand and adjusting the rise of money increases in pay and profits. After these and other general indications of its view, the Report produced evidence for its fears that the temporary halt to inflation achieved in 1958 was now definitely over. In a chapter entitled 'Restatement of the Problem as a Common Responsibility'² it argued that inflation was an unmitigated evil and identified some of the processes which were inflationary. Among these were the process of breaking and restoring differentials; the principle of 'fair comparisons' in public-sector pay; and cost-of-living indexes for wage increases. Profits would also need to be controlled because wage rises were being financed out of price rises and not at the expense of profits³.

1. Ibid, para 8

2. Ibid, chap III

3. Ibid, para 34

Conclusions

The CPPI was thus not itself an instrument of incomes policy, but starting its life as a body to provide support for a return to market policies and higher unemployment, it ended by ~~pressing~~ the Government to switch direction towards an incomes policy - a policy based on: the impossibility of unemployment being used to attain the Government's goals; the scope for pursuit of a common national interest in ending inflation; and recognition of the role of organised interests in income determination. It would be going too far to say that these developments had in themselves major implications for industrial relations strategy as analysed according to our present framework, but it is possible to identify potential implications at several points: the possibility of involvement strategies emerging from the pursuit of a common national interest; the possibility of at least an active if not a coercive state; the possible role of subordinate collectivities once their significance had been recognised; and the search for more systematic pay structures based on the pursuit of higher productivity.

THE NATIONAL INCOMES COMMISSION

July 1961, the month of publication of the CPPI's final report, also saw the economic crisis in which the Government imposed a pay freeze and, broadly in line with the Council's proposal, announced its commitment to a future incomes policy. This moved forward a further step in February 1962 with the publication of the White Paper Incomes Policy: the Next Step.¹ The White Paper was purely ex^{ort}atory. It declared that incomes needed to be kept in line with the long-term rate of increase in national productivity, and attempted to come to terms with the problem of the criteria which would justify a wage increase:

"It is not possible to lay down hard and fast rules by which any given proposal for a way (sic) or salary increase should be judged in the period immediately ahead. But some arguments which have in the past been widely used to justify higher wages and salaries certainly ought not to be given the same weight as hitherto. For example, arguments derived from the increased cost of living or from the trends of profits or productivity in a particular industry, cannot in present circumstances be regarded as providing of themselves a sound basis for an increase. There may, however, be cases in which an increase could be justified as part of an agreement under which those concerned made a direct contribution, by accepting more exacting work, or more onerous conditions, or by a renunciation of restrictive practices, to an increase of productivity and a reduction of costs."²

Another criterion which might in some cases be acceptable was a shortage of labour. Comparability "will obviously still be important, but must be less so than in the past".³ However, despite this detailed discussion of criteria, the Government was not proposing materially to

1. H.M. Government, Incomes Policy: The Next Step, Cmnd.1626 (London, HMSO, 1962).

2. ibid., para.7.

3. ibid., para.9.

impose its views on arbitrators. It appealed to them to take the wider situation into account when adjudicating on a salary claim, but declared that it wished to maintain the existing independence of arbitration.¹ The White Paper also called for restraint in profits or the Government would act by changing profit taxes.²

The instrument for implementing the policy, the National Incomes Commission, was launched some time later. Among its terms of reference were criteria to which it was to have regard when judging wage settlements:

- (a). the desirability of keeping the rate of increase in the aggregate of monetary incomes within the long-term rate of increase of national production;
- (b). the desirability of paying a fair reward for the work concerned;
- (c). the manpower needs of the service, industry or employment concerned, taking into account any regional or local differences in such needs, and the importance of securing the most efficient deployment and use of national resources including manpower;
- (d). the policies and practices in the service, industry or employment concerned in such matters (where appropriate) as pricing, profit margins, dividends, efficient use of manpower and equipment and organisation;
- (e). the repercussions which a particular settlement in the case concerned might have on other employment.³

1. ibid., para.11.

2. ibid., para.14

3. H.M. Government, The National Incomes Commission, Cmnd.1844, (London, HMSO, 1962).

These criteria constituted a compromise between market, 'national interest' and fairness factors. Criteria (a) and (e) were concerned with the overall rate of wage increases in the stability of the relationship between them, while (c) and (d) referred to economic factors which might "justify" increases in certain industries or areas above the norm, thereby threatening the stability demanded by (a) and (e). These were obviously factors which would have to be balanced by the Commission in its assessment of individual cases; more difficult still was criterion (b), referring to the concept of the "fair reward". A further important fact about the NIC was that it was to have no power to intervene while negotiations were still in progress, or to interfere with the awards of arbitration. Its powers, like those of previous exercises in incomes policy, were moral and exhort^{at}~~ory~~_k. It differed from previous exercises in the greater specificity of the comments it would be able to make and in the detailed publicity it would be able to bring to bear. Obviously, if the unions had co-operated with the Commission its moral force would have had a powerful support at least in appealing to official established organisations of workers. But the unions did not co-operate.

The dangers of inflation and the need for self-restraint became the main themes of the NIC. Here the implicit legitimization of the status quo continued to be present, but in an even more concealed way than in the Cohen Council's defence of 'meritorious elements'. The NIC's main doctrine was of the fairness of the equal percentage increase. The problem of "fairness" could not be avoided by any exhorta^{to}~~ry~~_k body, but

the NIC did not seek explicitly to justify as 'fair' the already existing structure of inequalities. This structure was simply taken for granted and equality was interpreted as meaning that the more highly paid that a group was, then the larger its increase should be. The main appeal was in terms of the 'national interest'. In its first report, on the pay of Scottish builders and plumbers, the Commission defined what it understood by 'national interest', identifying it as the 'indivisible interest of everybody that the nation should continue on a course of continuing growing prosperity in the highly competitive conditions of international trade'.¹ This required of unions a lesser degree of readiness in times of full employment to exploit their dominant bargaining power and of employers a greater reluctance in times of high consumer demand to buy industrial peace and its continued profits at the price of passing on the increases in costs to the consuming public.² An understanding of this question did not require any understanding of economic concepts which was beyond the capacity of the man and woman of ordinary intelligence.

The criterion of 'proper share' which the NIC applied in this and its other reports was that of the Government's 1962 White Paper: a pay rise should be no greater than the increase in national productivity.

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1. NIC, Report on The Scottish Plumbers' and the Scottish Builders' Agreements of 1962, Cmnd.1994, (London, HMSO, 1963), para.28.
 2. ibid., para.29.

On the particular settlement in question, the NIC found it to be against the national interest, partly because of its likely inflationary effects as it influenced claims in other trades, and partly because the Commission considered the settlement for a 40-hour week to be a wage claim in disguise.¹ During the course of its inquiry the NIC had tried to gain full information on profits in the industry, but had been unable to get at the facts.²

This last issue appeared with more force in the Commission's second report on electrical contracting, which appeared in July.³ In addition to its particular problem in getting the facts on profits, the NIC had something to say on the general question of the place of profits in an incomes policy:

"It is no less incumbent on employers than it is on workers not to appropriate an unfair share of the fruits of increased efficiency . . . it is vital that workers' self-restraint should not be made a source of higher profits for their employers It is the duty of employers and workers alike to extract no more than their proper rewards as indicated by the overall rate of increase in national productivity. If, in their own industry, there is then a balance of enhanced productivity outstanding, the prices of the products of that industry should be reduced and the benefit thereby dispersed to the community at large."⁴

1. ibid., para.184 ff.

2. ibid., paras 160-4.

3. NIC, Report No.2: Report on the Agreements of February-March 1963 in Electrical Contracting, in Heating, Ventilating and Domestic Engineering and in Exhibition Contracting, Cmnd. 2098, (London, HMSO, 1963).

4. ibid., para.26.

Profits were not the only aspect of this report to raise the conflict between economic and political or ethical factors. The report also enunciated the following doctrine:

"The rule which is applicable to wage settlements in all industries in which greater productivity is achieved is itself only another aspect of the fundamental principle of an incomes policy that the rate of increase of monetary incomes should be kept within the long-term rate of increase of national production. Translated into words which apply to the question, what is to happen to the fruits of greater productivity, the fundamental rule will be that all wage settlements must reflect the overall national average increase in productivity and not the variations in the achievements of individual industries or firms."¹

This was, in a sense, coming down on the side of criteria (a) and (e) of the NIC's criteria for assessing claims, against criteria (c) and (d).

The third NIC report, published in April 1964, was on academic salaries.² This differed from the NIC's previous exercises: in that the reference was made before rather than after an award had been made; in that both unions involved, the AUT and the ATTI, gave evidence to the Commission; and in that the terms of reference implied that the Commission was not to play a purely restrictive role but was to strike a balance between the restrictive requirements of incomes policy and the need of the planned expansion of higher education. The report was of general interest in so far as the Commission took the occasion to enunciate certain general principles, in particular with respect to the principle of fair

1. ibid., para.17.

2. NIC Report No.3: Remuneration of Academic Staff in Universities and Colleges of Advanced Technology, Cmnd.2317, (London, HMSO, 1964).

comparisons, which had been applied to salaries in the civil service since the recommendations of the Priestley Commission in 1955, and which the teachers' unions wanted to have applied to their salaries. The Commission rejected this request on the grounds that it was not really possible to determine when the principle should be held to apply; in any case, there were few truly "comparable" occupations:

"It is not enough to point to two or more occupations loosely allied by social status, popular esteem or prestige or even requiring the same or similar educational and intellectual qualifications and then to assume their comparability . . . for the purpose of claiming an approximate equation of remuneration. To do this is to beg the fundamental question of comparability at the initial stage of the inquiry and if the claim is successful in its object the only element of true comparison is between the resulting rates of pay. This is a direct step on the road to inflation."

Nevertheless, the Commission agreed with the UGC that if the universities were to face the new expansion confidently, they would require more attractive salary scales; the NIC thus rejected the submission of the Treasury that there was no case for a breach of the norm.²

The Commission's fourth and final reference was on the engineering industry. In an attempt at influencing negotiations in progress, it produced an interim report³. The main issue here was wage drift. The tone of the Report was hostile to drift, or to locally negotiated agreements in general, particularly payment-by results schemes. These were seen as offering scope to manipulation by workers⁴, and enabling employers to outbid rivals for scarce labour⁵.

1. ibid., para.75.

2. ibid., para.48.

3. NIC Report No 4 (interim): Agreements of November-December 1963 in the Engineering and Shipbuilding Industries, Cmd 2380 (London, HMSO, 1964)

4. ibid, paras 20-24

5. ibid, para 23

The final report on the engineering industry did not appear until 1965, after a change of government.¹ The Labour Party had decided to abolish the NIC and establish a National Board for Prices and Incomes. The report was therefore of little practical importance, but it is relevant to consider its arguments. In particular it continued the debate over the respective merits of centrally and locally determined wage settlements, taking up what it considered to have been misunderstandings of its interim report. 'Condemnation or approval of domestic negotiations depends not upon the fact of their existence but upon the causes of their adoption and upon the rates at which they increase', stated the report.² It went on to list various conditions which would elicit approval, primarily all those which had a market rationale, or improved efficient working. Excluded would be increases which resulted solely from the bargaining process. Having established this point, however, the Commission went on to assert that the chances were that most existing examples were of the unacceptable kind.³

The Commission's central, if implicit, problem was the unavailability of sanctions which would restrain pay increases for non-economic reasons in conditions of full employment. As indicated above, it showed a preference for market-sensitive forms of determination but was doubtful

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1. NIC, Report No.4 (Final): Agreements of November-December 1963 in the Engineering and Shipbuilding Industries, Cmnd.2583 (London, HMSO, 1965.)
 2. ibid., para.26.
 3. ibid., para.28.

whether existing domestic wage drift reflected that. Similarly, though it was unhappy with the cumbersome, centralised bargaining process of the engineering industry, it was reluctant to advocate its reconstruction or any decentralisation. The centralised process was the best available guarantee of stability in earnings, given the absence of a proper incomes policy, and reform might simply lead to intensified drift.¹ Its concern for stability also led it to advocate long-term agreements of the kind already tried in engineering²; and it re-iterated the condemnation of payment-by-results schemes of the interim report, welcoming their replacement by new time-rate systems in some parts of the industry.³ Again, in the interests of stability and overall managerial control of the payment system, the Commission was forced to move further away from market-sensitive patterns of pay determination.

In addition to considering pay, the NIC paid attention to working practices, especially in ship-building where workers' unilateral controls were seen as having a deleterious effect on the industry's efficiency. Here too the Report seemed at a loss to propose solutions; the wholehearted advocacy of productivity bargaining by the National Board for Prices and Incomes had still not been reached when this report appeared in 1965:

"Methods of approach based on encouragement and exhortation have failed to achieve results reasonably commensurate with the years over which they have been tried. The response of management would seem to have lacked urgency; the co-operation of the unions and their members would appear too often to have ended in a negative result. If it is not soon forthcoming, the harsh realities of world economic forces will teach the lesson to those who will not otherwise learn it and the rest of the nation will suffer in like measure from their obstinacy."⁴

1. ibid., paras.299 ff.

2. ibid., chap.6.

3. ibid., paras.249,250.

4. ibid., para.219.

In the absence of any substantive constraints, the Report turned finally to two possible measures for stability in pay. First, employers should show determination in resisting pay claims, even if the prevailing economic climate did not help them. This was a return to the Government's appeal to employers in 1956, and the Commission rebuffed the 1957 Court of Inquiry into the engineering industry which had declared that one industry could not expect to withstand the onward pressure of a prevailing climate of increasing pay.¹ Second, an ideological appeal was made to unions and the people at large to exercise restraint:

" . . . the facts . . . go to show that the national economic interest now requires that the possession of power should be matched by a corresponding wisdom and restraint in its exercise. This is a duty not only of leaders but of workers at all levels of industry. An incomes policy sets some hard lessons to both sides of industry but, if the nation is to gain a stable prosperity in a real and durable form, they must be learnt and the natural temptation to exploit the strength of a bargaining position must be resisted."²

1. ibid., paras.315 ff.

2. ibid., para.317.

Conclusions

In its absence of power, demonstrated so clearly by these last appeals, the NIC cannot be considered to have marked any shift in the structure of sanctions affecting the employment relationship. However, its existence and its very lack of power suggest lines of development which would need to be pursued were governments to retain incomes policy. Summarising them in the terms of our framework these lines of development are as follows. The NIC showed a clear concern for a full restoration of managerial order and control over pay systems. One might read a tendency towards 'involvement' strategies into the ideological appeal to workers to respond to the national interest. It would however be stretching the point too far to claim that the NIC had really explored such possibilities; though it cannot be claimed either to have advocated the traditional 'separation' policies of the Compromise. Its criticism of heavily bargained systems of pay determination suggests a shift from pluralism to monism. Since the Commission lacked any powers of intervention, it did not have any real impact on the conduct of conflict; however, to the extent that it attempted to provide alternative criteria and mechanisms for the resolution of disputes than a trial of strength between interests, it marked a move towards the treatment of conflict as issues of established rights including 'fairness'. In the case of its report on university teachers this potential role acquired a degree of reality. It was in itself evidence of a slightly more active state, though not a coercive one, and clearly its lack of impact suggests the likelihood of stronger measures on this dimension if governments were to pursue incomes policy. The reliance on centralised negotiating bodies

suggests a collectivised work-force, though this again was not worked out fully in its implications by the NIC, and it is difficult to draw conclusions on the relations between these collectivities and both employers and the state. Finally, on pay determination, the Commission sought a more objective basis for pay, searching for criteria which could be coherently applied; but at the same time couched these in heavily ethical language. In the absence of proper market mechanisms it sought a strengthening of administered controls; advocated systematic pay fixing; and, while not placing great weight on this dimension, favoured the pursuit of incomes advances through productivity alone.

The experience of the NIC had indicated that if governments wanted to pursue this kind of approach to incomes issues, they would have to depart further from the Compromise and from straightforward market criteria,¹ moving more wholeheartedly in the directions already indicated. This would involve at least a much closer state involvement, whether statutory or not;² an attempt at securing union support, if not active assistance, in maintaining the policy; probably an attempt to go beyond the unions to the involvement of the work force at large; and some essays in systematic pay determination. This raised difficult questions of the relationship between economic, political and ideological dimensions of society. What risks were involved in the politicisation of industrial

1. J.H. Goldthorpe, 'Social Inequality and Social Integration in Modern Britain', in D. Wedderburn, (ed), Poverty, Inequality and Class Structure, (Cambridge, at the University Press, 1974), p. 226
K.W. Wedderburn, The Worker and the Law, (Harmondsworth, Penguin 1965), p. 135.

2. M. Fogarty, The Just Wage (London, Chapman, 1961), p. 240, 1.

conflict which this implied? What principles could possibly be established to replace bargaining power and market determination? What would be the appropriate criteria of inequality in an administered economy? What could be the source of power for dominant interests under full employment? Several of these issues were faced by the National Board for Prices and Incomes, a far more ambitious instrument than the NIC. It is to an examination of its experience in the light of these questions that we now turn.

CHAPTER 6THE NATIONAL BOARD FOR PRICES AND INCOMES:POLICIES FOR INCOME INEQUALITY

The appointment of the National Board for Prices and Incomes marked a major increase in state involvement in pay determination, not only because it was at times invested with statutory force, but also because of the detailed nature of its investigations of individual wage settlements and the large number of those which it carried out. In this and the following chapters the Board's reports will be subjected to detailed analysis to discover its position on several relevant issues: the criteria of acceptable inequalities in pay structure; the relationship between managerial control, collective bargaining and worker participation; means of legitimating inequalities in pay; and the relationship between the Board, Government and pay determination in general. In several respects the Board's position on these issues only becomes apparent if the implicit significance of its pronouncements is considered, though it is surprising to what extent the Board was forthcoming and explicit on these broad themes. Considerable use will therefore be made of detailed evidence to support the contentions being advanced.

Before embarking on this task, the Board's work will be set in the context of the developing Government policy on incomes which both affected and was in turn affected by the activities of the NBPI.

THE INCOMES POLICY WHITE PAPERS

It was the Labour Government's initial intention to rely heavily on moral suasion and a joint commitment by the tripartite national organisations of Government, unions and employers for adherence to restraint in income and price increases. The National Economic Development Council was intended to have a continuing if imprecise role in surveying broad developments, and considerable effort was invested in the successful attempt to secure a joint tripartite declaration of intent. For its part, the Government pledged in the Declaration that it would pursue economic growth and the socially just distribution of the ensuing increase in national wealth.

After the Declaration the Government issued a White Paper on the machinery of incomes policy, which asserted:

"The Government intended to give the voluntary method every chance of proving that it can be made to work. Accordingly, in the case of both prices and incomes, persuasion and the pressure of public opinion will be relied upon to ensure that the findings and recommendations of the Board are accepted by the parties concerned. The Government would resort to other methods only if they were convinced that the voluntary method had failed."¹

A further White Paper in April gave details of the substance of the policy.² Plans were established for voluntary price controls, and a pay norm of $3-3\frac{1}{2}\%$ per annum established as a guideline.³ Criteria

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1. H.M. Government, Machinery of Prices and Incomes Policy, Cmnd.2577 (London, HMSO, 1965), para.18.
 2. H.M. Government, Prices and Incomes Policy, Cmnd.2639 (London, HMSO, 1965).
 3. ibid., para.11.

were also established for possible exceptions to these limits, covering (i) cases where specific improvements in productivity had been achieved; (ii) attempts at improving the incomes of the low paid; (iii) cases where employers experienced difficulty in recruiting labour; (iv) groups of workers whose pay had fallen significantly out of line with comparable groups.¹ Profits would be restrained as a by-product of price policy, which would ensure that any increases in profit derived from increased efficiency.² Government would also use its fiscal powers to prevent excessive profit growth.³

Within eight months the first shift towards a statutory element in the policy was proposed; the Government had found moral pressure and voluntary agreement inadequate for its objectives.⁴ The proposed powers were controversial in that they represented the first statutory interference in pay determination since the special exigencies of the War, but they were very modest. The Government sought compulsory notification of wage claims, and a delay in implementation for the three months while cases were investigated by the Board. It also decided to put the NBPI on a statutory basis, which meant that it had powers to demand evidence. More significantly, in order to avoid

1. ibid., para.15.

2. ibid., para.16.

3. ibid., para.17.

4. H.M. Government, Prices and Incomes Policy: Early Warning System, Cmd.2808 (London, HMSO, 1965).

a higher degree of statutory control both the Trades Union Congress and the Confederation of British Industry agreed to monitor wage claims and price-increase proposals among their member organisations. They had no powers to force compliance from their members, but would be able to use informal organisational pressures. The Government intimated that if this voluntary process was successful it would not need to implement the powers to require pay notification which it sought.

However, before legislation to embody these and other proposals could be brought forward the crisis of the summer of 1966 intervened, and the eventual Act incorporated the contents of a further White Paper.¹ This announced a statutorily imposed standstill on all income increases until the end of the year, to be followed by a further six months' severe restraint. Some price increases would be allowed, but housing rents were tightly controlled.² A controversial element was a decision to defer by six months wage increases which had been agreed but not yet implemented.³ The White Paper also announced proposals for reforms of the Companies Act to require the disclosure of the salaries of directors and senior executives.⁴ There were also increased controls on distributed profits.⁵

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1. H.M. Government, Prices and Incomes Standstill, Cmnd.3073 (London, HMSO, 1966).
 2. ibid., paras.4-11.
 3. ibid., paras.19-23.
 4. ibid., para.28.
 5. ibid., para.31.

These powers were unprecedented in peace-time, but they were only powers of delay, Ministers being empowered to introduce Orders which could postpone payment of particular prices or income increases¹. The new powers were designed to last 12 months. In the following two years further White Papers² preceded further legislation. These varied the powers of delay and the norm and revised the criteria for exceptions; in each case the labour market and comparability criteria were considerably downgraded. The low-pay criterion was stressed, but its scope limited to the very lowest-paid workers³. Considerable weight was placed on the productivity criterion. In 1967 a new criterion was added. Following pressure from the NBPI itself (see page 187) the Government accepted a need for the 'proper development of salary structures which provide incentives to improved performance'⁴, reforms to salary structures becoming a new criterion for exceptional increases. This was significant in that, at a time when the Government was becoming suspicious of the relevance of market criteria, the operation of managerially determined inequalities which would benefit management was increased.

The Labour Government's final incomes policy statement came after the major crisis over the Industrial Relations Bill in 1969 and during the major rise in the level of pay claims and settlements which broke the bounds of incomes policy⁵. However, far from signifying an abandonment of incomes policy the White Paper was the most substantial statement on the subject yet

1. Ibid, para 31

2. HM Government, Prices and Incomes Standstill: Period of Severe Restraint, Cmnd 3150; Prices and Incomes Policy after 30 July 1967, Cmnd 3235; Productivity, Prices and Incomes Policy in 1968 and 1969, Cmnd 3590 (London, HMSO, 1966, 1967 and 1968 respectively)

3. Cmnd 3150, para 28

4. Cmnd 3235, para 26

5. HM Government, Productivity, Prices and Incomes Policy after 1969, Cmnd 4232, (London, HMSO, 1969)

produced, and although it did significantly reduce the Government's attempt to control pay by law it also made some policy innovations. It re-affirmed the original role of incomes policy in the pursuit of expansion without inflation, and reflected:

'Any productivity, prices and incomes policy depends for its success on changing people's attitudes. The architects of the policy in 1965 saw it as an evolutionary process which could yield results only over a considerable period of time. But for Britain in 1965 time for slow change was not available.'¹

It claimed that helping the low paid had throughout been a central aim of the policy, and that pursuit of this goal² required restraint by everyone else .

For future policy the Government planned to amalgamate the NBPI with the Monopolies Commission as a Commission of³ Industry and Manpower , with the emphasis switching somewhat towards the control of companies with a large degree of market power. Meanwhile, it returned to the limited notification⁴ provisions of Part II of the 1966 Act .

The policy of previous White Papers on the criteria for exceptions was re-asserted, and low pay was discussed in far greater detail than in previous documents. Collective⁵ bargaining was attacked for doing little to help the low paid ,⁶ and certain strategies were recommended . However, the Government also indicated that it was not pursuing a general policy of reducing inequalities; it disapproved of those created by collective⁷ bargaining, but commended those based on managerial criteria .

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1. Ibid, para 6
 2. Ibid, para 14
 3. Ibid, para 24
 4. Ibid, para 28
 5. Ibid, para 59
 6. Ibid, paras 64-66
 7. Ibid, para 66

Conclusion

In order to appreciate the political context in which these developments in policy took place it will be necessary to await the discussion in Chapter 12. But at this stage it is possible to draw attention to certain important themes. First, and most obvious, is the gradual increase in the degree of state control (until the retreat from incomes policy in 1969). The Government's initial policy had been based on

- (i). the assumption of sustained economic growth
(positive economic sanctions) and
- (ii). both a sense of national unity in the pursuit of
certain goals and, between the Government and the
unions, a solidarity based on loyalty to the
Labour Party (ideological sanctions).

As the pursuit of growth failed and the ideological appeals produced little response, the state was forced to use political sanctions if it was to pursue its policy of restraint.

Second, in order to reduce its recourse to direct state coercion, the Government put pressure on the central organisations representing labour and capital to exercise voluntary controls over their members.

Third, within the policy itself there were certain distinct emphases. A central mechanism of the Compromise, comparability, was consistently down-graded as a relevant criterion for pay

increases; and so was the classical labour-market criterion. (This latter did not really mark a complete departure from a market economy; rather, in conditions of full employment a response to labour recruitment problems by raising pay was seen as pointless and inflationary). In their place the Government erected the criteria of productivity bargaining, help for the low paid and the reform of salary structures to improve incentives. To what extent each of these policy affirmations was borne out in the practice of the NBPI will be considered at length in the remainder of this chapter.

THE NBPI AND THE CRITERIA OF INCOME INEQUALITY

A very clear and explicit outline of what would constitute a desirable income hierarchy emerges from the Board's reports, together with a large amount of comment on the extent to which existing practice diverges from this ideal. Consistently, the Board argued that pay structures should be rooted in clear criteria of skill and responsibility. First, where the latter is concerned the Board believed that those in or preparing for senior positions should have "adequate" differentials. When considering the salary structure of Midland Bank staff, which had been based on an age-scale, the Board proposed that future managerial recruits should be placed on a special scale, to avoid paying "excessive" amounts to those required for only routine work¹. The "primary" need of a reform in the pay of supervisory and traffic control staff at British Rail was to maintain adequate differentials between those on the lowest supervisory level and those on the highest rate among men being supervised.² The principle of the supervisor's differential was again stressed in the Board's first report on the engineering industry³

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1. National Board for Prices and Incomes, Report No.6, Salaries of Midland Bank Staff, Cmd. 2839, (London, HMSO) paras.39-48.
 2. NBPI, Report No.8, Pay and Conditions of Service of British Railways Staff (Conciliation, Salaries and Workshop Grades) Cmd.2873, para.45.
 3. NBPI, Report No.49, Pay and Conditions of Service of Workers in the Engineering Industry (First Report on the Engineering Industry), Cmd.3495, para.71.

and on the industrial civil service, where disruption of differentials following the introduction of productivity agreements was considered a problem¹. Similarly, in considering fire service pay, the Board asserted that so long as officers were recruited from the ranks they should be rewarded for accepting increased responsibility.² The need for "adequate" differentials was also identified at higher levels of the income structure. In the Higher Civil Service differentials had become compressed at the point where it was "essential that this greater responsibility be acknowledged through an appropriate higher salary level"; otherwise career prospects would be inadequate.³ The Board also partly based its case for an increase in the salaries of top management in nationalised industries on the fact that the small (or indeed reversed) differentials between them and middle management made it difficult to raise the salaries of the latter to reward performance.⁴

The Board was also consistent in arguing that differences in skill level should be accompanied by differences in income. For example, its criticism of the very wide spread of differentials among different groups

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1. NBPI, Report No.146, Pay and Conditions of Industrial Civil Servants, Cmnd.4351, para.47.
 2. NBPI Report, No.32, Five Service Pay, Cmnd.3287, Ch.6.
 3. NBPI Report No.11, Pay of the Higher Civil Service, Cmnd.2882, para.11.
 4. NBPI Report No.107, Top Salaries in the Private Sector and Nationalised Industries, Cmnd.3970, paras.79-81.

of workers at Smithfield Market was based on the fact that they did not reflect differences in "skill, effort or experience".¹ In civil engineering it proposed reforms to the pay structure which would ensure that merit and long service were rewarded and provide for incentive schemes.² And it welcomed proposals in electrical contracting for relating salary grades more closely to different levels of qualification and skill, because this would encourage operatives to progress to higher skill levels.³

Frequently the twin principles of skill and responsibility were commended: the Board proposed strengthening differentials in the industrial civil service "in order to encourage skill and responsibility".⁴ In the water supply industry the Board considered the existing differentials were too small and too numerous, and advocated the "broadbanding" of these into a smaller number of grades providing larger differentials recognising "genuinely higher levels of skill and responsibility".⁵ The Board approved proposals by ICI Ltd to make changes in craftsmen's pay which were "essential if the integrity of the payment system is to be maintained and adequate recognition is to be given to levels of skill and responsibility".⁶ And when considering construction

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1. NBPI Report No.126, Remuneration of Workers in Smithfield Market; Cmnd.4171, para.120.
 2. NBPI Report No.91, Pay and Conditions in the Civil Engineering Industry, Cmnd. 3836, paras.107,8.
 3. NBPI Report No.24, Wages and Conditions in the Electrical Contracting Industry, Cmnd.3172, para.43.
 4. NBPI, Report No.18, Pay of Industrial Civil Servants, Cmnd.3034, chap.4.
 5. NBPI Report No.29, The Pay and Conditions of Manual Workers in Local Authorities, the National Health Service, Gas and Water Supply, Cmnd.3230, para.89,90.
 6. NBPI Report No.105, Pay of General Workers and Craftsmen in ICI Ltd., Cmnd.3941, para.28.

of a salary structure for senior management, the Board based its proposals on the need to secure differentials for skill and responsibility:

"... first, the establishment of a sound salary structure in the sense that it adequately rewards promotion and offers an inducement to the assumption of greater responsibility; secondly, assuming the existence of such a structure, the granting of pay increases to maintain the integrity of the structure by recognising developments which have led to some jobs entailing more responsibility than before; thirdly, the distribution of any increase in such a way as to reward high performance in the job."¹

Despite the generally restrictive nature of much of its work on incomes, produced by the economic climate of virtually the whole period of its life, the NBPI proposed increases based on a widening of differentials in several of its reports. It argued that existing differentials for first-line supervisors in the building industry were "insufficient";² and criticised the Agricultural Wages Board for maintaining a wage structure which gave no recognition to responsibility and very little to skill.³ In its second general report the Board summarised its approach to such questions:

"Free collective bargaining, in so far as it consists of a competitive rivalry between unions to maintain their position relative to one another, leaves traditional differentials unchanged. One of the

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1. NBPI Report No.107, op.cit., para.71.
 2. NBPI Report No.92, Pay and Conditions in the Building Industry, Cmnd.3837, para.54.
 3. NBPI Report No.101, Pay of Workers in Agriculture in England and Wales, Cmnd. 3911, para.20.

purposes of an incomes policy is to narrow differentials when they are too large, but also to enlarge them when they are too narrow. There is clearly a case, for example, for enlarging them when a projection of manpower needs indicates a future requirement for new skills. Perhaps too little attention has been given to this aspect in the various White Papers. It is, however, an aspect which the Board, in its own investigations, cannot entirely ignore"1

The Board again identified this omission in the White Paper criteria in its first report on the engineering industry, where it stressed the problem caused by pay structures which did not provide sufficient scope for these differentials, and the need to be able to award exceptional increases to certain groups in order to tackle it.² To the Board's subsequent satisfaction³ the next White Paper met this demand, by including as a new criterion for exceptional increases reform of the pay structure,⁴ as has been discussed earlier in this chapter. The Board made use of this to justify several awards: chief and senior local government officers whose salary structure had temporarily produced reversed differentials as a result of the sudden introduction of wages standstill,⁵ senior midwives and nurses⁶ top management in

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1. NBPI, Report No.40, Second General Report, July 1966 to August 1967, Cmnd.3394, para.52.
 2. NBPI, Report No.49, Engineering Industry
 3. NBPI, Report No.68, Agreements made between certain Engineering Firms and DATA, Cmnd. 3632, para.3.
 4. H.M. Government, Productivity Prices and Incomes Policy in 1968 and 1969, para.26.
 5. NBPI Report, No.45, Pay of Chief and Senior Officers in (1) Local Government Service and (2) the GLC, Cmnd. 3473, chap.5.
 6. NBPI, Report No.60, Pay of Nurses and Midwives, Cmnd.3585, para.28.

nationalised industries¹ and merchant navy officers, who had claimed an increase partly on the grounds that seamen had won a rise after a prolonged strike during which they (the officers) had remained loyal.²

Of course, the Board's policy of strengthening differentials, provided that they corresponded to differences of skill and responsibility, did not accord easily with one of the original criteria of incomes policy: help for the low paid. This caused the Board considerable difficulty.³ Politically it was an important aspect of Ministers' defence of the incomes policy, as the discussion of the White Papers has shown; but in its first general report the Board indicated the emphasis which it was likely to place upon it:

"We conclude that the three objectives of help for the lowest paid, the better use of men, and the avoidance of inflationary incomes are better secured through relating pay increases to the rate of national progress, with provision for exceptions, than by relating them to the increases which it is thought that everybody else is getting."⁴

And when the Board received its first explicit reference under the low-pay criterion, that of agricultural workers, it argued that incomes policy was really too blunt a weapon for this task, and that the primary responsibility should rest with the social services.⁵

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1. NBPI, Report No.107, Top Salaries para.93.
 2. NBPI, Report No.35, Pay and Conditions of Merchant Navy Officers Cmd. 3302, para.24.
 3. The Board's problems with the low-pay criterion, its failure to resolve these and the importance of this failure in the eventual unpopularity of the Board are discussed frankly in J. Mitchell, The National Board for Prices and Incomes, (London Secker and Warburg, 1972), chap.12.
 4. NBPI, Report No.19, General Report, April 1965 to July 1966, Cmd. 3087, para.67.
 5. NBPI, Report No.25, Pay of Workers in Agriculture in England and Wales, Cmd.3199, para.7.

(The Board did, in fact, go on to approve the pay award in question on low pay grounds¹. Later the Board adopted a more favourable approach, recommending in several cases ways of granting increases so that only those on low pay benefited, through such devices as increases in guaranteed earnings as opposed to minimum rates. (For example, see: road haulage²; engineering³; clothing;⁴ and the industrial civil service⁵. This was elevated to a general principle in the Board's report on payment by results systems, where one of the functions of a national agreement was seen as correcting "adverse consequences of plant wage-determination by selective wage increases to groups such as the low-paid or others whose pay needs to be changed in relation to the rest of the industry".⁶ The Board also produced solutions to the problem of low pay through increases in productivity, but this question will be considered at a later stage. For the present it is important to note the potential conflict between the Board's concern for the low paid and its policy of establishing pay structures based on skill and responsibility. This was a problem of which the Board was aware:

1. ibid., para.39.

2. NBPI, Report No.48, Charges, Costs and Wages in the Road Haulage Industry, Cmd. 3482, para.59 ff.

3. NBPI, Report No.49, Engineering Industry, para.109.

4. NBPI, Report No.110, Pay and Conditions in the Clothing Manufacturing Industries, Cmd. 4002, para.104.

5. NBPI, Report No.146, Industrial Civil Servants, para.75.

6. NBPI, Report No.65, Payment by Results Systems, Cmd.3627, para.206.

"We have found the [low pay] criterion extremely difficult to apply. Clearly anyone whose pay is scarcely above the level of National Assistance is low paid. By and large, however, the concept of the low paid is a relative rather than an absolute one; the most that can be said in most cases - and even this is difficult - is that pay is too low, or alternatively too high, in relation to somebody else's. What is at issue, therefore, is the question of differentials. If pay increases are confined to those at the bottom of the scale, there may be no incentive to others to acquire the necessary qualifications and skills needed to supervise them."

Given a relative definition of low pay (a definition which the Board eventually came to accept,²) and an overall concern for a system of differentials, it is clear that the Board could provide no hope of an "end" to low pay. It could however suggest temporary partial adjustments without threatening its major policy of differentials. For example, where differentials did not reflect differences of skill and responsibility, that is those which "owe more to institutional than to economic or social factors", the Board was happy to seek their elimination and to criticise unions for not supporting this task.³ Alternatively, the very existence of differentials could be used to help at least a few of the low paid, through the recognition of levels of skill and responsibility among their ranks (for example, in water supply;⁴ agriculture;⁵ and as a general principle or through retraining

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1. NBPI, Report No.40, Second General Report, para.51.
 2. NBPI, Report No.169, General Problems of Low Pay, Cmnd.4648, para.13.
 3. ibid., para.124.
 4. NBPI, Report No.29, . . . Manual Workers in Local Authorities, etc., para.31 ff; Report No. 152, Pay and Productivity in the Water Supply Industry, Cmnd. 4434, paras.26, 29.
 5. NBPI, Report No.101, Workers in Agriculture para.21.

workers so that they could accept higher skilled work.¹

In general then, the Board attributed a higher priority to the need to maintain differentials for skill and responsibility than to help for the low paid. It is now necessary to consider some of the reasons for this priority. To a certain extent this is a question to which we shall return at several points throughout the chapter (for example, in a later section it will be shown that criteria of skill and responsibility were potential candidates for consensus among unions and management). But in this section the main concern is not with the acceptability of the pay structure but with its economic significance. The Board spoke with confidence of the "need" to reward skill and responsibility, the basis of which was never clearly established.² Thus, while insisting on the need to reward workers for accepting responsibility, the Board at times described responsibility as a desirable characteristic in an occupation which workers would actively seek. It recognised that managers would "fear" loss of responsibility if productivity agreements led to reductions in clerical staff under their control³. More directly, it said of senior management:

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1. NBPI, Report No.169, Low Pay, para.124.
 2. Similarly, Mitchell speaks of the importance to the Board of the need on grounds of efficiency to strengthen various differentials, without clearly specifying the rationale for this assumption (op.cit., chap.3, passim, and p.135.)
 3. NBPI, Report No.123, Productivity Agreements, Cmnd. 4136, para.54.

"To those whose salary is already high and who are usually older men, the prospect of being paid a still higher salary by another company would seem to have relatively little influence on whether they will move jobs, and other factors such as the prospect of a more challenging job or a more congenial situation would appear to play a big part."¹

The Board also seemed to share the view that increasing the skill and responsibility content of work through job enrichment and the delegation of responsibility would render work more attractive². Furthermore, the Board acknowledged the ignorance on the part of both itself and employers, not only of the actual levels of responsibility that managerial jobs contained³ but also of the motivations of managers⁴, and indirectly recognised that the appropriateness of a given set of differentials was contingentⁿ on subjective evaluations⁵.

The Board's concern with differentials was partly, but only partly, related to labour market considerations. It certainly made reference to market forces,⁶ sometimes accepting a case for an increase based on the need to resolve recruitment difficulties (e.g., the fire service⁷, the higher civil service⁸ and the armed forces⁹), although it is notable

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1. NBPI, Report No.107, Top Salaries para.67.
 2. NBPI, Pay of Salaried Staff in ICI Ltd., Cmnd 3981, para.29.
 3. NBPI, Report No.107, op.cit., para.44.
 4. ibid., para.11; Report No.40, Second General Report, para.53.
 5. NBPI, Report No.116, Standing Reference on the Pay of the Armed Forces (Second Report), Cmnd.4079, para.67.
 6. The Board's willing acceptance of market criteria in those industries where labour markets were operating in an orthodox way is indicated in Mitchell, op.cit., chaps.5 and 6.
 7. NBPI, Report No.32, Fire Service Pay, para.38.
 8. NBPI, Report No.11, Higher Civil Service para.14.
 9. NBPI, Report No.116, op.cit., chap.3.

that these are all special cases where, and particularly in the last, the concept of manpower saving has little meaning. The Board also acknowledged the market in the more fundamental sense that market or commercial criteria should be the foundation of a pay structure. Thus, local authority bus companies were criticised for their lack of a "commercial" approach to industrial relations.¹ The absence of market conditions was seen as a major difficulty in assessing both the pay of industrial civil servants² and the efficient use of the time of university teachers.³ Monopolies were seen as particularly problematic in this sense, because of their lack of price discipline (for example, water supply;⁴ solicitors⁵; London Brick Company⁶ and in at least one of the Board's case studies of an engineering firm⁷). Speaking generally, the Board identified market power, the "power to influence and indeed set prices and earnings at will" as a principal reason for maintaining a prices and incomes policy,⁸ and in its second general report the Board appealed for a continuous projection of manpower needs as an

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1. NBPI, Report No.16, Pay and Conditions of Busmen, Cmnd.3012, para.53.
 2. NBPI, Report No.18, op.cit., para.22
 3. NBPI, Report No.145, Standing Reference on the Pay of University Teachers in Great Britain (Second Report), Cmnd.4334, para.11.
 4. NBPI, Report, No.152,Water Supply Industry, para.80.
 5. NBPI, Report No.164, Standing Reference on the Remuneration of Solicitors (Second Report), Cmnd.4624, para.64.
 6. NBPI, Report No.150, Pay and other Terms and Conditions of Employment in the Fletton Brick Industry and the Prices charged by the London Brick Company, Cmnd.4422, para.58.
 7. NBPI, Report No.65, (Supp), Payment by Results Systems (Supplement), Cmnd.3627-I, Paper 7, para.4.
 8. NBPI, Report No.122, Fourth General Report, July 1968 to July 1969, Cmnd. 4130, para.25.

essential ingredient to a "rational answer to a wages problem."¹

However, the NBPI did not advocate a market solution to wage determination, which would have meant allowing firms to outbid each other in the market for labour until the less efficient were driven to the wall or until the consequent price increases reduced demands for the firm's output. Consonant with the White Papers, and with the exceptions mentioned, the Board was extremely sceptical of attempts at responding to market fluctuations. It believed that pay increases would need to be very large before they had an effect on the labour market,² and feared that competition for labour would be "self-defeating"³ and would succeed only in "bidding up" the price⁴ when labour was in short supply, while when there was unemployment an increase would be unnecessary.⁵ Where the Board acknowledged that an organisation had a recruitment problem, it preferred reforms which would improve the general attractiveness of the work⁶ or increase the efficiency of the deployment of the existing labour force.⁷ When considering a pay award to the staff of an insurance company, the Board commented:

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1. NBPI, Report No.40, Second General Report, para.52.
 2. NBPI, Report No.16, Busmen, para.61 ff.
 3. NBPI, Report No.65, PBR Systems, para.42.
 4. NBPI, Report No.44, London Weighting in the Non-Industrial Civil Service, Cmnd. 3436, para.14.
 5. NBPI, Report No.91, Civil Engineering Industry, para.142.
 6. NBPI, Report No.60, Nurses and Midwives,..... paras.28, 47.
 7. NBPI, Report No.63, Pay of Municipal Busmen, Cmnd.3605, para.36; Report No.69, Pay and Conditions of Busmen employed by the Corporations of Belfast, Glasgow and Liverpool, Cmnd.3646; and Report No.92, Building Industry, para.177 ff.

"It has been our general theme in many reports that an industry or a firm, faced with a tight or difficult labour market, would in general do better if it sought to use its existing labour force more effectively and rewarded it consistently with the rules which we have suggested for a better relationship between pay and performance, than if it went out into the market to compete for labour while its method of using labour remained unchanged."¹

This illustrates the structural factors in the background: full employment and heavily institutionalised means of pay determination. Whatever its ideal preferences would have been, the Board had to accept that it was operating in an economy where market forces were not a major determinant of pay.² At one point it seemed to doubt the very existence of labour markets;³ it criticised firms which attempted to base their pay structures on "the assumption that there exists a labour market, the prices in which have to be matched, though the assumption is often belied by the facts."⁴ Its own research had demonstrated to the Board the fiction of local labour markets.⁵

Finally, the NBPI's discomfort at market solutions may be related to its concern for clear, stable pay structures and earnings levels, which it both preferred itself and saw as responding to the desires of many workers,⁶ including those in baking,⁷ exhibition contracting⁸ and

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1. NBPI, Report No.41, Salaries of Staff Employed by the General Accident Fire and Life Assurance Corporation Ltd., Cmnd.3398, para.24.
 2. This point emerges clearly from Mitchell, op.cit., chap.13(esp.p.199) and pp.255,256.
 3. NBPI, Report No.132, Salary Structures, Cmnd.4187, para.85.
 4. NBPI, Report No.122, Fourth General Report, para.65.
 5. NBPI, Report No.169, ...Low Pay, paras.35, 36.
 6. NBPI, Report No.36, Productivity Agreements, Cmnd.3311, paras.9,36; Report No.65. PBR Systems, para.97, and Supplement, Paper 9, para.10.
 7. NBPI, Report No.17, Wages in the Bakery Industry (Final Report), Cmnd.3019, para.41.
 8. NBPI Report No.117, Pay and Conditions of Workers in the Exhibition Contracting Industry, Cmnd.4088, para.50.

electrical contracting.¹ In connection with PBR systems generally it commented:

"While individual workers may often be anxious to maximise their earnings irrespective of other considerations, our studies again confirm the existence of a strong desire for stability and equity, a desire to which managements wishing to introduce a more orderly payment system than their present one may appeal."²

The market is always potentially unstable, and in a changing economy old skills lose their market value while new occupations emerge which cannot be readily compared with existing ones on skill and responsibility grounds. Further, labour market shortages may emerge at certain points of a structure, to overcome which may involve disrupting the hierarchy of skill and responsibility. In general, the Board sought to reconcile the need to respond to major market changes with its concern for the integrity and stability of existing pay structures.³ And with particular reference to salary structures the Board said:

"A difficulty which all companies are likely to meet is the need to maintain both a logical internal relationship between jobs at different levels within the organisation, and to match externally the salaries for highly mobile groups who, because there is a market shortage for their skills, can command higher salaries than their colleagues carrying out work at a similar level."⁴

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1. NBPI, Report No.120, Pay and Conditions in the Electrical Contracting Industry, Cmnd.4097, para.42.
 2. NBPI, Report No.65, PBR Systems, para.104.
 3. NBPI, Report No.83, Job Evaluation, Cmnd.3772, para.68 ff.
 4. NBPI, Report No.132, Salary Structures, para.36.

This last is particularly interesting for its explicit recognition that skill and responsibility are not equivalent to market factors. A similar difficulty emerged when (probably on labour market grounds) some engineering firms found it necessary to compensate workers for poor working conditions, the existence of which tended to be negatively related to skill and responsibility. The Board recognised this important problem, but completely evaded it:¹

"It may be that in certain cases technological changes have led to a position where, because of the nature of the work, semi-skilled production, workers should be paid more than skilled men. The changing job content may require that pay be enhanced to compensate for the dreary monotony of certain types of semi-skilled work and that this compensation might be such as properly to exceed that paid for the acquisition of skills. The incentive effects of payment by results might be such that the earnings of semi-skilled grades reflect much greater effort. But these decisions should be taken after investigation and due consideration by all the parties concerned. We believe that there is a strong possibility that all too often the reversed differentials are not the result of considered and agreed policies but of a haphazard development arising from ad hoc decisions."²

It may be concluded from all the above evidence that the concept of an ideal income structure which rested in the background of the Board's work was of a coherent stable rational system based strictly on skill and responsibility, with a basis in the labour market but with management having the discretion whether or not to respond to

1. This important case is cited as an example of where the NBPI, tackling a reference with a pre-determined approach (in this instance to find 'anomalies'), was incapable of coping with explanations which did not fit its pre-judgements, in A. Fel, The British Prices and Incomes Board (London, Cambridge University Press, 1972), pp.86,87.

2. NBPI, Report No.49, Engineering Industry, . . . para.34.

market factors.¹ The defence of this approach was primarily pragmatic: it would promote efficiency and help combat inflation. However, the Board went further than pragmatic justification and elevated its preferred income distribution to a moral position, freely using such concepts as "equity", "fairness", and "justice" to describe it. It is important to notice that these are concepts unknown to market economics.² This merits closer consideration.

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1. This stress on managerially determined rationality is also seen in the heavy use made by the Board of outside management consultants (Mitchell explicitly contrasts this with the techniques of compromise and accommodation of traditional forms of official intervention in pay-fixing, op.cit.p.43); and in the Board's successful request that pay-structure reform be a criterion for exceptions under the incomes policy on the grounds that existing patterns of differentials often lacked rationality and coherence (ibid chap.14).
 2. D.Lockwood, 'Arbitration and Industrial Conflict', British Journal of Sociology, Vol.V1, No.4, 1955, p.340,341.

The NBPI and the just wage

The NBPI would accept a desire for "fairness" as a legitimate aspiration in a pay claim¹, and the elimination of "obvious inequity" was listed alongside the ending of "confusion" and "economic inefficiency" as an "urgent need" in the reform of pay structures.² In the case of the engineering industry, the Board advocated continuing outside intervention in pay determination in order to secure "equity":

"Even if joint national machinery . . . were to be established, however, we do not see how it could fulfil its equity function - how, for example, equity could be ensured between grade and grade and union and union - if negotiations and subsequent supervision were left entirely to employers and trade unions. This seems to indicate the need for the presence of an independent chairman to help secure the co-ordination without which pay structures will remain inequitable."³

Similarly, the Board proposed the establishment of a Joint Board to establish "equitable" pay relationships in Smithfield Market,⁴ and in a general report the NBPI acknowledged both the force and the legitimacy of the public's sense of equity if income restraint were to be accepted:

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1. NBPI, Report No.8, British Railways Staff..... para.18.
 2. NBPI, Report No.83, Job Evaluation, para.121.
 3. NBPI, Report No.49, Engineering Industry para.132.
 4. NBPI, Report No.126, Smithfield Market, para.178.

"The difficulties of a productivity, prices and incomes policy would indeed be insuperable if everyone insisted on pushing his market power come what may, particularly in conditions of high employment and expectations. Experience, however, suggests that this is not necessarily so. The 'freeze' of 1966 had a substantial effect on the growth in money incomes and we consider that this was due mainly to the sense of equity of contribution at a time of emergency. If there is anything to this view then one lesson for the next phase of the policy... . . . is the need to maintain the sense of equity of contribution. Equity of contribution depends in the main on the match effected between the different components of policy - fiscal; monetary; productivity, prices and incomes. It also requires within the productivity, prices and incomes policy itself an appearance of balance and of a just selection of cases."¹

But how were "fairness" and "justice" to be applied in practice? With rare exceptions² the NBPI did not use the approach of the equal percentage increase favoured by the NIC. Rather, it tackled the issue of fairness more directly. It did so principally through its concern with the relation between the level of pay and the means by which it had been secured. It was in that relationship that the NBPI felt confident that it could detect equity or its opposite. Thus, "unfairness" could describe the deliberate or disruptive use of "market power":

"Without an incomes policy, groups in a powerful bargaining position or occupying strategic points in the economy are able to obtain pay increases not open to those in a weaker bargaining position or occupying strategically less important points; in other words, social injustice can arise from the undue use of market power. It is one of

1. NBPI, Rport No.122, Fourth General Report, para.40.

2. For example, NBPI, Report No.40, Second General Report, para.39.

the purposes of an incomes policy to remedy this injustice. This purpose cannot be quickly achieved; it is all the more difficult to achieve when the balance of payments is adverse if groups of workers whose activities directly affect the balance of payments use the power which this gives them to obtain pay increases not open to others. But in the long run failure to achieve its social aims would threaten to undermine the policy as a whole, people will not support or apply it if they believe it to be unfair."¹

It is important to note that "powerful bargaining position" and the occupation of "strategic points in the economy" could also be used to describe the origins of the rewards accruing to skill and responsibility. But the Board did not intend this, as is clear from all the foregoing discussion of the positive value which it placed on such differentials, and from the fact that the Board also used ethical terms when referring to differentials which it considered to be too low. A differential which did not reflect skill and responsibility could be described as "highly inequitable",² but when a differential which did reflect these qualities was considered low it was "unfairness"³, "injustice"⁴ or "inequitable".⁵ And expectations that abilities and "giving of one's best" would be recognised in a salary structure were accepted as "rightful".⁶

The aspirations of low paid workers to increase their incomes were accepted as ethically acceptable⁷ but not at the expense of skill and responsibility differentials:

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1. NBPI, Report No.122, op.cit., para.72.
 2. NBPI, Report No.126, Smithfield Market, para.120.
 3. NBPI, Report No.49, ... Engineering Industry ..., para.118.
 4. NBPI, Report No.27, Pay of Workers in the Retail Drapery, Outfitting and Footwear Trades, Cmnd. 3224.
 5. NBPI, Report No.45, .. Chief and Senior Officers in Local Government... para.24.
 6. NBPI, Report No.132, Salary Structures, para.65.
 7. NBPI, Report No.169, Low Pay, para. 51.

"... if the labourer [earning £10 a week] works alongside a skilled man earning no more than £11, it might be economically unwise and socially unjust to give the labourer an increase of £1 and to leave the skilled man's pay untouched."¹

These various aspects of the NBPI's casuistry (distinguishing differentials of skill and responsibility from others, and help for the low paid from both) came together in its consideration of the complexities of the engineering industry. The Board was clear as to the importance of differentials on grounds of equity:

"... a differential on the basis that a supervisor should be paid more than the average earnings of men under him (after taking into account the advantages of staff conditions) would appear to be justified."

"... the problem of pay for staff workers is basically the lack of rational salary structures leading to inequity through insufficient recognition of skill and responsibility. As we have noted earlier, there are important areas of overlap in pay between certain groups of staff workers and certain groups of manual workers."²

Most explicitly, the Board compared the fairness of differentials with the question in fairness and low pay:

"The actual structure of earnings within individual plants may give rise to differentials between different skills which may be so distorted or reversed as to cause as much concern on grounds of equity or justice as does the position of low paid workers. For equity and justice require not only that the absolute level of pay be such as to provide an acceptable standard of living but also that skill and responsibility are fairly rewarded."³

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1. NBPI, Report No.25, Agriculture ... para.11.
 2. NBPI, Report No.49, Engineering Industry, paras.117,119.
 3. ibid., para.33.

Difficulties obviously arose when the Board considered proposals for raising the minimum earnings level in order to assist the low paid, which it resolved in the following characteristic way:

"The increases in the proposed minimum earnings levels will disturb the wage structure of the firms affected by them. In some cases this may be desirable in the interests of a more equitable wage structure; but in other cases the proposed increases will have undesirable effects upon internal differentials, which on grounds of both equity and efficiency should be restored in full or in part. This does not mean that all differentials should be restored, particularly in the case of the more highly paid workers, and we would expect firms to make decisions on differentials only after a full examination of their existing wage structures and their purposes There can be no justification for any increase in pay that is not the direct consequence of the increased minimum earnings level or of an improvement in the wages structure other than what can be otherwise justified under the current White Paper on Prices and Incomes Policy."¹

1. ibid., para.111.

Critiques of existing pay structures

It is with this ideal framework, based on economics, efficiency and stability, and supported by assertions of moral value, that the NBPI tackled the references to it of existing problematic pay structures, or demands for specific increases. Its reports on these give some indication both of the extent of divergence between the real world and the Board's ideals, and of the points in pay structure at which this divergence proved, in the eyes of the Board, to cause most difficulty.

Where manual workers were concerned, the Board^{commented} pay differentials based on skill criteria, and considered problematic those factors associated with the 'degeneration' of payment systems, especially where these eroded skill and responsibility differentials. This involved the Board in considerable criticism of PBR systems.¹ The Board's proposals on such issues as these sought to restore the integrity of skill and responsibility hierarchies, as has been discussed above.

Problems of leap-frogging among white-collar staff were less significant than those among manual workers, but the NBPI was concerned at the extent of salary drift, with the criteria on which employers granted increases, and with the justification for some of the simpler age-related related structures.² As with manual workers, therefore it sought the establishment of clear, rational pay systems based on job

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1. ibid., paras.31-32; Report No.65, PBR Systems, para.99 ff; Supplement, Paper 1, para.28, and Paper 7, para.22. See also Mitchell, op.cit., chap.13, where the problems of PBR schemes are also seen to include the possibility of pay increases requiring notification to the Government and the exhaustion by workers in strong bargaining positions of resources which might otherwise help the low paid.
 2. This occurs in NBPI, Reports Nos.6, Midland Bank Staff; 41, General Accident.... Assurance Corporation; 132, Salary Structures; and in No.106, Pay in the London Clearing Banks, Cmd.3943.

evaluation and with more concern for internal relativities than for presumed external comparisons.¹ Again , these questions will be considered in more detail at later stages. For the present it is enough to note certain points:

- (i). the similarity of the Board's solution for both manual and non-manual workers;
- (ii). its relative ability to suggest the outlines of acceptable structures within these two broad groups (irrespective of the difficulty which it might experience in having these implemented in practice); but also
- (iii) the Board's constant encounter with existing practices which contradicted its ideals.

At three crucial points in the occupational structure, however, the Board experienced far more difficulty in proposing pay systems: the division between manual and non-manual workers; the professions; and earnings from profit. Were the entire structure of occupations to consist solely of manual or non-manual employees, there would be little difficulty in constructing at least the very broad formal outline of a total income hierarchy graded according to skill and responsibility. Since this is not the case, it is important to consider how the Board coped with these three crucial cut-off points.

1. NBPI, Report No.132, op.cit., paras.19,84,ff.

The manual/non-manual division

First, and important because of the large numbers involved, there is the manual/non-manual barrier. Not only is it exceptionally difficult to make comparisons of skill and responsibility levels across this boundary, because of the difference in the nature of the work; it has also traditionally been the boundary of different types of payment system, working conditions, concepts of the role and attitude of different types of worker, and social status. These have in recent decades been made complex by, first, the growth of new technical occupations which fit readily into neither of the two standard categories, and, second, by the erosion of the usual expectation that the division will also represent a cut-off point in size of income.

The NBPI adopted as a long-term goal the elimination of all invidious distinctions between manual and non-manual labour, supporting the gradual extension of the salary system and its attendant security of income to manual workers:¹

"A policy for productivity, prices and incomes is concerned with modifying attitudes making for resistance to increased productivity and to a closer relationship between movements in incomes and movements in productivity. It is concerned therefore with general reforms which may help to bring about changes of attitudes. We would suggest as one such reform the desirability of abolishing the division between the "staff" and "workmen". The division is increasingly outdated - it is related to a past when greater co-operation was expected from the "staff" than from the "workers"; it is arbitrary, and it can give rise to resentment. We consider that the Government, as the author of a policy for productivity, prices and incomes, should play a leading part in promoting the reform to staff or salary status and should do so in relation to its own employees."²

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1. NBPI, Report No.51, Pay and Productivity of Industrial Employees of the UKAEA, Cmnd.3499, para.35; and Report No.146, Industrial Civil Servants, para.87.
 2. NBPI, Report No.146, op.cit., para.51.

On several occasions the Board encountered examples of this development taking place within industry, and welcomed them (for example, in electricity supply,¹ gas,² ICI Ltd.³ and water supply⁴). Such developments were frequently features of productivity agreements.⁵

Consistent with its approach, the NBPI was not prepared to accept the frequent assumption that the pay of non-manual workers should automatically be higher than that of manuals. In its general report on salary structures, the Board accepted the claim of the supervisor to a differential over his men, but otherwise welcomed as being 'reasonable enough' the attempts of manual workers to catch up with the incomes of non-manuals, and described companies which moved towards an abolition of the distinction as "progressive".⁶ Again, the reports give several examples^{of} the earnings overlap occurring, frequently to the concern of the non-manual groups in question.⁷ The Board refused to exhibit the same concern about this process as it did over the erosion of clear skill and responsibility differentials:⁸

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1. NBPI, Report No.42, Pay of Electricity Supply Workers, Cmnd.3405, para.18;
 2. NBPI, Report No.86, Pay of Staff Workers in the Gas Industry, Cmnd.3795, para.43.
 3. NBPI, Report No.105, General Workers and Craftsmen ICI Ltd., para.10; and Report No.109, Salaried Staff: ICI Ltd. para.31.
 4. NBPI, Report No.152, Water Supply Industry, para.11.
 5. NBPI, Report No.23, Productivity and Pay during the Period of Severe Restraint, Cmnd.3167, paras.9,37,38; Report No.123, Productivity Agreements, paras.27,113.
 6. NBPI, Report No.132, Salary Structures, para .40.
 7. NBPI, Report No.49, Engineering Industry, paras.83,84; Report No.68 DATA, para.28; Report No.132, op.cit., para.9.
 8. NBPI, Report No.109, ...Salaried Staff: ICI Ltd. para.49.

"It has been said to us that in the last 20 years white-collared workers have lost ground to manual workers and that in banking salaries 'a lead of 42% over industrial earnings has been completely extinguished since 1949'. We cannot accept that a comparison with conditions as they were twenty years ago is relevant to today's needs. Moreover, insofar as comparison is proper it is with people in 'similar work'."1

It was only prepared to support the distinction if it rested on a job evaluation exercise² or involved a direct supervisory relationship.³ At the root of this process of change the NBPI saw changes in the nature of employment.⁴ It saw developments which led to manual jobs acquiring characteristics normally associated with non-manual work:

"Job evaluation becomes all the more important in the light of technological change. Such change obviously affects job content. When the volume of output was closely related to effort, financial motivation to workers was provided by conventional payment by results systems: today in the most advanced technologies - for example in some process industries - physical effort is often in inverse ratio to output. In these industries, employees must be paid less for physical effort and more for the acquired knowledge, mental skill or application and experience they bring to a job."⁵

In saying this the Board was echoing the views of certain professional management bodies which had been summarised in an earlier report on PBR systems⁶. In part the Board's insistence on the increasing similarity of manual and non-manual work could be seen as a response

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1. NBPI, Report No. 106, London Clearing Banks, para.46.
 2. NBPI, Report No.152, Water Supply Industry, para.64.
 3. NBPI, Report No.115, Journalists' Pay, Cmnd.4077, para.36.
 4. Mr. Aubrey Jones, chairman of the NBPI, also pursued this theme in the discussion of incomes policy in A.D.Smith (ed)., The Labour Market and Inflation, (London, Macmillan 1968), esp.p.204.
 5. NBPI, Report No.83, Job Evaluation, para.44.
 6. NBPI, Report No.65 (Supplement) PBR Systems, Paper 4, para.5.

to the frequent complaint by the latter that they could not benefit from productivity agreements. Recognition of the equal applicability of productivity agreements to non-manual workers should, said the Board, help avoid resentment by manual workers that they alone were being "scrutinised, whose contribution is being assessed and who are being urged to intensify their efforts or to change their working practices, and it would meet also the feeling of non-manual workers that productivity bargaining narrowly conceived places them at a disadvantage, since they have a tradition of co-operation with management and have no 'restrictive practices' to which a price tag has to be attached."¹ The Board tried to insist on the applicability of productivity measures in several non-manual occupations,² and in particular in electricity supply,³ gas⁴ London Clearing Banks⁵ and ICI Ltd.⁶ It was particularly confident of the applicability of productivity and work measurement to routine and mechanised office work, including document reproduction, sorting and collating, typing and transcribing, addressing-machine operations, card punching and verifying, recording and filing, post-room operations, accounting and computing machine operations and stock control work.⁷ It acknowledged that more difficulties appeared where discretion and consideration were needed, but even here

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1. NBPI, Report No.123, Productivity Agreements, para.46.
 2. NBPI, Report No.23, Productivity and Pay para.136; and Report No.123, op.cit., chap.5; see also Mitchell, op.cit., pp.217,254.
 3. NBPI, Report No.79, National Guidelines covering Productivity Payments in the Electricity Supply Industry, Cmnd.3726, para.28.
 4. NBPI, Report No.86, ... Salaried Workers in the Gas Industry, op.cit.
 5. NBPI, Report No.106, London Clearing Banks.
 6. NBPI, Report No.109, Salaried Staff in ICI Ltd.
 7. NBPI, Report No.74, Agreement relating to Terms and Conditions of Employment of Staff employed by the Prudential and Pearl Assurance Companies, Cmnd.3674, para.7.

on occasions sought measures whereby performance could be assessed in some way so that improvements could be rationally calculated (for example, electricity supply administrative and managerial staff,¹ university teachers² and senior management³):

Consistent with its policy of minimising the differences between manual and non-manual workers, the Board welcomed developments in the unionisation of non-manual workers, criticising managements which did not extend the rights of bargaining or consultation to white-collar employees,⁴ and supporting the aspirations of groups of workers who sought collective bargaining.⁵

As has been exemplified by several of the quoted passages from NBPI reports on the erosion of the manual/non-manual barrier, both the traditional views of the difference and the Board's attempted synthesis rest on certain conceptions of the nature of different kinds of worker, and in particular on different sets of motivations to work. Traditionally, manual workers have been seen as responding to purely material incentives and as linked to their employers solely by the cash

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1. NBPI, Report No.79, Electricity Supply Industry, para.28.
 2. NBPI, Report No.98, Standing Reference on the Pay of University Teachers in Great Britain (First Report), Cmd.3866.
 3. NBPI, Report No.107, Top Salaries..., para 70.
 4. NBPI, Report No.41, General Accident Assurance para.25; Report No.49, Engineering Industry... paras.124,125, Report No. 123, Productivity Agreements, paras.58-60; and Report No.132, Salary Structure, para.51.
 5. NBPI, Report No.98, .. University Teachers para.3.

nexus;¹ while non-manual workers have been regarded as continuously co-operative, loyal and sharing the employers' own concern for the efficiency and well-being of the organisation.² The NBPI held as a long-term aspiration the emergence of a new stereotype covering both manual and non-manual employees, related very largely to the growth of productivity agreements:

"What is desirable, both for non-manual and in the ultimate for manual workers, is a willingness to adapt working patterns continuously to changing techniques."³

It was the rise of productivity bargaining which made feasible the extension of work measurement to non-manual workers, and the emergence of "co-operative" attitudes among the manual work-force. The modern employee, whether manual or non-manual, was continuously co-operating in the improvement of productivity and efficiency, but doing so in an ordered, negotiated way, probably through membership of an independent but amenable trade union,

Closely related to its concept of the modern employee, therefore, was the Board's view of trade unionism. Thus, the Board considered that in job evaluation there was the chance of a "forum in which the trade unions can play a part; they become co-partners in the determination of the framework governing pay".⁴ In such cases the unions should be

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1. NBPI, Report No.18, ... Industrial Civil Servants, para.51; Report No. 109, Salaried Staff in ICI Ltd. para.49; and Report No.83, Job Evaluation, para.44 (quoted above, page 208); also Report No.65 (Supplement) PBR Systems Paper 1, para.9.
 2. NBPI, Report No.109, op.cit., para.45; Report No.123, op.cit., para.27.
 3. NBPI, Report No.123, op.cit., para.63.
 4. NBPI, Report No.83, op.cit., para.47.

involved at all stages in the job evaluation procedure, because "where both employers and unions have sufficient expertise and technical assistance and the union's right to represent its members' interests in any matter relating to pay and status is fully accepted, disagreements are fewer and more easily settled."¹ Similar combinations of active unionism and co-operation from the work-force were considered to result from productivity agreements, which often led to "a greater 'democratisation' on the shop floor, and this in turn has helped to create a more effective working relationship than existed before".² Frequently the Board advocated the establishment of proper collective bargaining³ and joint consultation on productivity matters.⁴ It proposed the extension of facilities to, and active encouragement of, unions by employers, on grounds that this was something in which there was a joint interest.⁵ This was extended to the encouragement of shop stewards, for whom training, perhaps on a joint basis, was sometimes proposed so that they could play a part in such matters as productivity bargaining.⁶

1. ibid., para.136.

2. NBPI, Report No.123,op.cit., para.96.

3. NBPI, Report No.110,Clothing Manufacturing Industries, paras.51, 94.ff.

4. NBPI, Report No.86, ...Gas Industry, para.52; Report No.151, Bread Prices and Pay in the Baking Industry, Cmnd.4428, para.32; Report No.152, Water Supply Industry, para.59; and Report No.166, Pay and Conditions of Service of Ancillary Workers in NHS Hospitals, Cmnd.4644, paras.83,97.

5. NBPI, Report No.91, Civil Engineering Industry, paras 127, 128; Report No.151, Baking, paras.42 ff; and Report No.168, Pay and Conditions in the Contract Cleaning Trade, Cmnd.4637, para.79.

6. NBPI, Report No.104, Pay and Conditions of Service of Engineering Workers (Second Report on the Engineering Industry), Cmnd.3931, para.92; Report No.140, Pay and Conditions of Workers in the Milk Industry, Cmnd.4267, para.134; Report No.149, Pay and Conditions of Employment of Workers in the Pottery Industry, Cmnd.4411, para.61; and Report No.152,op.cit., para.59.

The NBPI's conception of trade unionism will be encountered again in chapter seven. For the present it is enough to note its role as part of the Board's concept of the modern employee, whose role and that of his union differs significantly from those of the traditionally conceived manual and non-manual worker. This can be related to the Board's concerns; to establish an income hierarchy based on skill and responsibility and not on status factors such as white versus blue collar; and to secure united effort by all sections of industry and the work force in the search for increased efficiency and productivity.

The manual/non-manual division is the most important instance of the NBPI's preference for a certain single type of employee as the category of worker with which it could most easily deal. But further evidence for this preference is found when the Board encountered various marginal categories of worker which could not be fitted to this framework. For example, it disliked the hotch-potch of welfare, etc., elements in the pay of the armed forces and devised the concept of the "military salary" to replace them.¹ It also encountered difficulties with the "anomalous" self-employed categories in Smithfield Market, proposing measures to secure greater "control" over them, even though it recorded evidence of the satisfaction with the system by both the workers and those who made use of their services.² As has already been noted, the Board also experienced difficulty with jobs involving a high degree of

1. NBPI, Report No.116, Armed Forces, chap.4, para.50.

2. NBPI, Report No.126, Smithfield Market, paras.177,178.

discretion, particularly management. But this did not prevent it requesting the chance to examine middle management,¹ and from proposing the relation of senior management's salaries to performance.² However, it did not face the challenge of carrying out this task itself, and its proposals for top management in the nationalised industries were really based on little more than refined comparability, made somewhat easy by the large apparent disparities between rewards in the public and private sectors. The Board acknowledged that the traditions of reward in private sector management were probably not really related to performance but to a very different model of income, when it contrasted the public and private sectors:

"It may conceivably be that this difference stems in part from the different historical origins of the two sectors. The modern corporation is the lineal descendant of the family concern, the heads of which enjoyed profits; extremely steep increments at the top of the salary structure may reflect this evolution. The public undertaking, on the other hand, reflects the traditional characteristics of the public service, one of which is that financial rewards at the top are not outstandingly high."³

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1. NBPI, Report No.77, Third General Report, August 1966 to July 1968, Cmnd. 3715, para.46.
 2. NBPI, Report No.107, Top Salaries, para.70.
 3. ibid., para.82.

The Professions

Even more difficult to reconcile with the NBPI's preferred model of the employee were the free professions, the second major cut-off point in the structure of occupations with which we have to deal. Nevertheless, it is notable that in its consideration of these groups the Board sought solutions which would apply something like the controls of the employee relationship. In all, four such groups were subject to references to the Board. One, that of doctors and dentists, created great controversy and was withdrawn in one of the earliest actions of the Conservative Government which took office in June 1970. A second case was that of university teachers, a group already part-way between the position of profession and that of employment. The Board's treatment of the case can be seen as an attempt to effect a further shift towards the latter position; for example, as already noted, it supported the attempt to secure proper collective bargaining for university teachers.¹ More importantly, it sought to apply work measurement and productivity criteria;² and tried to induce some concern for manpower utilisation as well as greater emphasis on teaching through a proposal for discretionary merit awards.³ It was these proposals which resulted in considerable controversy and embarrassment for the Board in the aftermath of this report.

1. NBPI, Report No.98, ...University Teachers, para.3.

2. ibid., passim.

3. NBPI, Report No.145, University Teachers, paras.8-11.

University teachers' salaries were the subject of a standing reference to the NBPI. This in itself can be seen as an attempt by Government to secure a degree of economic and cost-effective scrutiny which would in the ordinary course of events be characteristic of orthodox employment, but which had formerly been lacking from a quasi-professional group such as university teachers. The standing reference procedure was used for only two other groups: the very special case of the armed forces¹ and an established profession, solicitors.

Solicitors' incomes were subject to a form of regulation from outside the profession, through the Statutory Rules Committee, but the Board was critical of this arrangement because the Committee's criteria were not economic, while the usual alternative for professional groups,² special review bodies, was "not conducive to a single coherent incomes policy".³ It was on these grounds that the NBPI made its (successful) request that it be given solicitors' pay as a standing reference. However, the application of a "single coherent incomes policy" proved difficult for the Board itself, since the situation

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1. Special in that manpower needs were decided as part of defence policy and therefore not amenable to productivity saving or tests of cost-effectiveness. At least, that was the view adopted by the NBPI, Report No.116,Armed Forces, para.66.
 2. For example, doctors and dentists, whose review committee caused difficulties for the NBPI by continuing to base its awards on sheer comparability (see NBPI, Report No.98, op.cit., para.7a; and Report No.122, Fourth General Report, para.69.
 3. NBPI, Report No.54, Remuneration of Solicitors, Cmnd.3529, chap.5.

of a profession could not be readily compared with that of orthodox employment. Solicitors' income had to be treated at least partly as a price.¹ Criteria of skill and responsibility could not be applied with the confidence which the NBPI at least assumed was possible with wage and salary structures, and the Board had recourse to such statements as ". . . public has to recognise that work undertaken by a professional man should be reasonably paid for . . .",² without specifying how reasonability was to be assessed. It also found itself making use of very broad comparisons with the rate of increase of wages and salaries generally, a kind of crude comparability which the Board was pledged to root out of pay determination. However, within these major difficulties, the Board tried to apply some of its typical criteria of measurement and rationality, carrying out surveys of conveyancing in an attempt to relate costs to charges in a way which the profession did not attempt.³

The final profession examined, architecture, had a system of payment more autonomous and free from the constraints of the employment situation than even solicitors, and plans were being made further to increase the profession's control over its own income. The NBPI was severely critical of this,⁴ and again sought to apply its typical incomes policy criteria. However, once again it lacked firm grounds for proposing specific levels of pay, and fell back upon vague statements that it was satisfied that the existing system had not produced "excessive" incomes.⁵

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1. ibid., para.7; Report No.134, Standing Reference on the Remuneration of Solicitors (First Report), Cmnd. 4217, para.15.
 2. NBPI, Report No.164, Solicitors, para.97.
 3. ibid., chap.3.
 4. NBPI, Report No.71, Architects' Costs and Fees, Cmnd.3653, chap.4.
 5. ibid., para.71.

Incomes from capital

Finally, consideration must be given to the NBPI's treatment of incomes from investment capital. Again, and to an even greater extent than with professional incomes, this is a form of remuneration to which the usual criteria of income determination do not apply. The whole language of the Board's reports concerning skill, responsibility, merit, effort and so forth are here made irrelevant. The Labour Government's incomes policy sought to tackle profits via prices.¹ The Board did not therefore encounter profits as sources of personal income. Under the incomes policy provision was formally made for the reference of dividends, which would presumably raise issues approximating to those of personal incomes, but although the NBPI itself requested references of this kind, so that it could demonstrate to the unions that incomes of all kinds were being dealt with, the Government made no such references to it.² It is therefore impossible to discuss how the Board would have tackled such a reference. Eventually, the Board toyed with the idea of dealing with the problem of the incomparability of incomes from capital and incomes from labour by approaching it from the opposite direction. In 1968, acknowledging that the Government had imposed a special tax on investment income, and that the latest Prices and Incomes Act gave

1. Mitchell, op.cit., p.248.

2. NBPI, Report No.40, Second General Report, paras.55,56;
Report No.77, Third General Report, paras.30,47.

powers to fix a maximum level to dividend increases, the Board pointed out that this simply delayed an investor's earnings since his assets gained in value; in contrast a wage increase foregone could not be regained. It was necessary therefore to explore various proposals for capital savings schemes for workers:

"A scheme along these lines could conceivably make a beneficial contribution, not only to a prices and incomes policy, and to a better understanding by employees of the implications of investment, but also to the broader question of workers' status in industry - that is to their place in relation to certain areas of decision-making."¹

The Board repeated the point in its next general report² and requested a reference, but none was forthcoming.

1. NBPI, Report No.77, op.cit., para.47

2. NBPI, Report No.122, Fourth General Report, para.12.

Conclusions

The outlines of both the NBPI's position on a desired structure of income inequality and the relation of this to existing reality are now clear, and may be summarised as follows:

1. The Board sought to establish a structure of inequality based on the rational assessment of differences of skill and responsibility;
2. this was a task which should be the responsibility of management, which would have reconcile the need to respond to the labour market with the desirability of maintaining a stable payment system;
3. the justification of this structure was expressed not only in economic but in ethical terms, and in this sense was elevated at least alongside the Board's concern for the low paid;
4. the Board's attempt at relating this structure to existing patterns of income distribution in Britain encountered difficulty from the following sources:
 - (a). the widespread disruption of clear skill and responsibility differences by a variety of mechanisms, such as custom and practice, shop-floor bargaining, insufficiently rational pay systems;
 - (b). the continuing importance of rigid manual/non-manual barriers;
 - (c). the independent professions;
 - (d). incomes from investment capital.

With the exception of the inconsistency between rhetoric and practice in the treatment of the low paid, this examination of the detailed work of the Board has shown how closely the White Papers and the Board's reports followed the same clear strategy on the kind of structure of pay inequality which they sought. The White Papers had less to say on questions of industrial authority apart from issues of pay determination. However, this was an issue on which the Board made many observations, and these will be considered in the next chapter.

CHAPTER 7

THE NBPI AND MANAGERIAL AUTHORITY

It was shown in the preceding chapter that the NBPI was wary of leaving pay determination to the play of the market; but obviously it could not itself oversee the fixing of incomes throughout the economy and in any case lacked the power to enforce its decisions. Where therefore was the power to secure the kind of pay structure which the Board deemed desirable? The Board's answer to this question was clear: it identified management as the function through which this task could be achieved, and sought to ensure that management possessed both the power to do so and the will to use that power.

As has been discussed, one of the major "problems" of wage structure identified by the Board was a leap-frogging between skilled and semi-skilled workers, whereby the latter could secure earnings beyond those merited by their skill through "degenerated" piecework systems. As well as seeing this situation as a source of inflation and inequity, the Board identified it as a crisis of control. The problem was predominantly but not solely associated with PBR systems in the engineering industry;¹ at times the situation could give the appearance that workers were determining their own pay:

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1. National Board for Prices and Incomes, Report No.49, Pay and Conditions of Service of Workers in the Engineering Industry (First Report on the Engineering Industry), Cmnd.3495, para.38; Report No.104, Pay and Conditions of Service of Engineering Workers (Second Report on the Engineering Industry), Cmnd.3931, paras.59,73; Report No.110, Pay and Conditions in the Clothing Manufacturing Industries, Cmnd.4002, para.59; and Report No.143, Hours and Overtime in the London Clearing Banks, Cmnd.4301, para.33.

"Once a PBR system gets out of effective managerial control, it takes on a life of its own as individuals or groups seize on any chance of raising their earnings to a level that they think is fair."¹

The Board associated developments of this kind with wide political changes, describing the way in which full employment had reduced the unilateral power of management and given workers power on the shop floor.² It identified four main ways in which this wage drift took place: technological progress made possible increases in output without any necessary increase in effort but with increases in earnings; workers gradually became more adept at performing operations than was envisaged in the introduction of pay schemes and as a result their pay increased; where there was strong union organisation and frequent renegotiation of pay, rates kept creeping higher; and there was a general ratchet effect caused by the widespread assumption that whenever a rate was redetermined it must be higher than the previous one.³ The Board was somewhat sceptical of the Donovan recommendation that decentralising bargaining to plant level would of itself end this kind of situation.⁴

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1. NBPI, Report No.65, Payment by Results Systems, Cmnd.3627, para.96.
 2. ibid., para.59.
 3. ibid., para.44 ff.
 4. ibid., para.160; see also A. Fels, The British Prices and Incomes Board, (London, Cambridge University Press, 1972), pp.36,151; and the foreword by A. Jones, former chairman of the Board, in J. Mitchell, The National Board for Prices and Incomes, (London Secker and Warburg; 1972).

The NBPI was also an advocate of increased managerial control in contexts other than that of degenerated PBR systems. It criticised the transport committees of municipal bus companies for not granting enough authority to their managers¹ and in the exhibition contracting industry it reprimanded managers who had allowed shop stewards to secure important areas of unilateral control². In its report on Smithfield Market it stated:

"There is no doubt that the market's labour problems arise in large part from the existence of highly paid and inadequately controlled groups of self-employed workers alongside the majority who are employed." ³

It went on to propose measures which would secure greater control⁴. In the building industry the Board distinguished between good, bad and indifferent bonus schemes according to the degree of managerial control which they secured.⁵ In the gas industry it spoke approvingly of the payment system for staff workers, where there was little evidence of drift and the negotiating system enabled "the salaries of staff to be settled in a simple, orderly and fair way and without

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1. NBPI, Report No.63, Pay of Municipal Busmen, Cmnd.3605, para.73; and Report No.85, Pay and Conditions of Busmen employed by the Corporation of Dundee, Cmnd.3791, para.14.
 2. NBPI, Report No.117, Pay and Conditions of Workers in the Exhibition Contracting Industry, Cmnd.4088, paras.17,47.
 3. NBPI, Report No.126, Remuneration of Workers in Smithfield Market, Cmnd.4171, para.177.
 4. ibid., paras.184 ff.
 5. NBPI, Report No.92, Pay and Conditions in the Building Industry, Cmnd.3837, para.101.

widespread expenditure of effort in collective bargaining".¹ In general, therefore, the Board may be seen as sharing the perspective of the managerial opinion it consulted which said that constant effort was needed to combat workers' attempts at "beating the system".² Eventually the Board's central instrument for the achievement of this order became productivity bargaining.³ In its second report on productivity agreements, the NBPI analysed seven important deals which had been concluded in British industry. It identified as a common factor in them the realisation by management that they had lost control of overtime and needed to recover it;⁴ a task which the Board considered they had succeeded in fulfilling.⁵ Managers had been able to secure "nothing less than a revolution in managerial control over working hours and practices in many of the undertakings affected".⁶ Productivity agreements were also seen as a means of solving the problem of wage drift, and this the Board considered had been achieved in one of the examples (electricity supply).⁷ In its third general

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1. NBPI, Report No.86, Pay of Staff Workers in the Gas Industry, Cmnd.3745, para.58.
 2. NBPI, Report No.65 (Supplement), Payment by Results Systems (Supplement), Cmnd.3627-I, Paper 4, para.15.
 3. Mitchell, op.cit., chap.11, esp.p.171.
 4. NBPI, Report No.36, Productivity Agreements, Cmnd.3311, para.10.
 5. ibid., para.14.
 6. ibid., para.112
 7. ibid., para.180.

report on productivity agreements, the Board again cited examples in which the aims of productivity agreements included securing increased control¹ and inculcating attitudes of "total acceptance and adoption by workers of technical change, without specifying individual alterations in working practices"². Several of the Board's reports recorded productivity improvements which involved management securing greater control over the actions of workers, including greater flexibility in the deployment of labour and in working hours, an end to restrictive practices and to labour's unilateral working practices (for example, railways,³ baking⁴, electricity supply,⁵ exhibition contracting,⁶ and gas.⁷ In the building industry the Board's inquiries indicated considerable scope for improving efficiency because of the large amount of unproductive time through "relaxation for all causes, including personal relief, resting and unofficial tea-breaks"⁸; while a productivity agreement for white collar workers

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1. NBPI, Report No.123, Productivity Agreements, Cmnd.4136, para.26.
 2. ibid., para.27.
 3. NBPI, Report No.8, Pay and Conditions of Service of British Railways Staff (Conciliation, Salaried and Workshop Grades), Cmnd.2873, para.83 (vi).
 4. NBPI, Report No.17, Wages in the Bakery Industry (Final Report), Cmnd.3019, para.38.
 5. NBPI, Report No.42, Pay of Electricity Supply Workers, Cmnd.3405, para.6.
 6. NBPI, Report No.117,Exhibition Contracting ... para.29.
 7. NBPI, Report No.135, Costs and Efficiency in the Gas Industry, Cmnd.4458, para.47.
 8. NBPI, Report No.92,Building Industry, paras.47 ff.

included the introduction of clocking in.¹ And the Board saw management as the key group in securing increased productivity.²

Not surprisingly, many of the Board's proposals took the form of securing increased managerial control over a work force or payment system; as it summarised its own work in its final general report, it had "tried to contribute to the improvement of industrial relations by helping to develop situations in which management had a more effective control of the work situation based on the co-operation and consent of the workers concerned".³ It listed the restoration of control among its reasons for supporting job evaluation schemes;⁴ advocated work measurement and work study as means of securing managerial control over PBR earnings⁵ and maintained as one of its objectives in proposing pay structure reforms the establishment of increased control for management.⁶

The most important instrument which the Board used to secure managerial control was productivity bargaining. As will be seen in the following section, of the various criteria which the Board was

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1. NBPI, Report No.125, Salaries of Certain Staff employed by BICC Ltd., Cmnd.4168, para.14.
 2. NBPI, Report No.122, Fourth General Report, July 1968 to July 1969, Cmnd.4130, para.60.
 3. NBPI, Report No.170, Fifth and Final General Report, July 1969 to March 1971, Cmnd.4649, para.60.
 4. NBPI, Report No.83, Job Evaluation, Cmnd.3772, paras 17 ff.
 5. NBPI, Report No.65, PBR Systems, chap.7.
 6. NBPI, Report No.91, Pay and Conditions in the Civil Engineering Industry, Cmnd.3836, para.120; and Report No.132, Salary Structures, Cmnd.4187, paras.108ff.

statutorily able to apply when considering a pay claim, there was one which it applied enthusiastically: increased productivity. There were several important reasons for the Board's advocacy of productivity agreements, and some others will be considered later; but there is no doubt that among them was the desire to secure increased control for management. The Board's first general report on productivity agreements was a limited and restrictive document, concerned with the problem of productivity deals during the periods of statutory standstill and severe restraint. However, it commented generally on the peculiarity of productivity agreements to the British economy, and sought the reasons for this in the country's wasteful use of capital and labour, often because of weak managerial control and too easy acceptance of behaviour sanctioned by "custom and practice".¹

1. NBPI, Report No.23, Productivity and Pay during the Period of Severe Restraint, Cmnd.3167, para.8.

Order with involvement

But it is important to specify clearly the nature of this increased control which the NBPI sought. It was not referring to the unilateral managerial prerogatives frequently requested by particular managerial groups. The Board was concerned with the overall integration of managers and workers in a collaborative exercise, as was indicated in the previous section when considering the Board's concept of the employee. When discussing the wider effects on industrial relations of successful productivity bargains, the Board commented:

"Our case studies showed that the end result of this broadening of the concept of co-operation and of the conclusion of a productivity agreement was usually a better controlled payments system and more effective use by management of the resources at its disposal. While this development might appear on the face of it to involve a derogation from the exclusive prerogative of management to manage, the consequences were beneficial to management as well as to employees. Indeed increased managerial control was generally achieved through the consent and co-operation of workers and through greater participation by trade unions in decision taking either through shop stewards or full-time officials. Productivity agreements have in short placed a premium on positive co-operation between management and workers in raising efficiency."¹

When proposing reforms in PBR systems to render them more susceptible to managerial control, the Board stressed the advantages of enterprise agreements which permitted management and union representatives to control jointly both the overall increase in earnings and its distribution among different groups. The purpose of

1. NBPI, Report No.123, Productivity Agreements, para.92 (see also para 110).

such agreements was to make decisions about pay increases open and controlled.¹ Shop stewards should be involved in bargaining, because the Board's case studies had shown them to be "a moderating influence on their members" and a "force for stability".² It commended a stepped measured daywork scheme introduced by an engineering firm to end the difficulties of conventional PBR because of its combination of control and co-operation through consultative machinery.³ The Board declared that participation by workers in reaching productivity agreements was "the most practicable and fruitful approach to that elusive concept - industrial democracy".⁴ And as far as attitudes were concerned, "productivity agreements would appear to have led to a greater 'democratisation' on the shop floor, and this in turn has helped to create a more effective working relationship than existed before".

Superficially this emphasis on democracy and participation may seem at variance with the Board's severe criticisms of firms where workers had secured a strong de facto position in bargaining. The paradox is resolved by recognising the limitations on the degree and nature of the rights of unions and workers to share control which the Board admitted. It saw the unity of management and unions as

1. NBPI, Report No.65, op.cit., para.198.

2. ibid., para.180.

3. ibid., Supplement, op.cit., Paper 12, paras.3,11,18.

4. NBPI, Report No.40, Second General Report, July 1966 to August 1967, Cmnd.3394, para.48.

consisting in their pursuit of a wider interest: increased productivity and efficiency. It was the scope for this unity in modern conditions which made possible the shift from unilateral to shared management.* Within that framework the Board fully recognised that workers and management had distinctive and possibly conflicting interests. It thus accepted the rights of management and workers to see themselves as two "sides" of industry, but accepted this in such a way that management was certainly the dominant partner, since it was the party most completely identified with the common goal of increased productive efficiency. Therefore the democracy and participation were based on the premise of overall acceptance of the prime role of management. This complex underlying framework of unity and pluralism, democracy and control, is obviously not stated baldly in the Board's literature, but may readily be inferred from it. For example, while (consistently with its belief in shared objectives) proposing that management share information with unions, the Board acknowledged the limitations imposed on this by the difference of interests, and its own preference for the managerial interest:

"There is the further question of how much information should be presented to unions. Clearly undertakings must be prepared to release more information than is normal in conventional negotiations if they are to win the confidence of the unions for this novel type

*This argument has obvious close parallels with the discussion in the previous chapter of the change in the conception of the manual worker from labourer to co-operative employee. It is of course another aspect of the same basic development.

of agreement and if they are to reach a successful settlement. We do not suggest, however, that all relevant information should be made available to union representatives, or indeed that the latter would necessarily wish this. Such facts might give the unions precise information on what the employer would pay before he had any notion of the figure for which they were prepared to settle."¹

The Board made use of the basic unity of interests whereby the pursuit of efficiency leads to increased wages to suggest procedures which would realise this unity in practice.² In other reports, management which did not provide for participation of this kind was criticised (for example, the milk industry³). The Board proposed joint control over hours of work in seeking reductions in inefficient overtime, proposing that the Government's intended Code of Industrial Relations Practice should include arrangements for joint scrutiny and control of overtime at company and plant level, with "full information" given to union representatives.⁴ In the printing industry the Board proposed extensions in the scope of the joint manpower committee so that it should become a base for talks on productivity - with a "full and frank" exchange of information by both sides.⁵ It advocated

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1. NBPI, Report No.36, Productivity Agreements, Cmnd.3311, para.147.
 2. NBPI, Report No.8, .. British Railways Staff ... paras.59,60.
 3. NBPI, Report No.140, Pay and Conditions of Workers in the Milk Industry, Cmnd.4267, para.98.
 4. NBPI, Report No.161, Hours of Work, Overtime and Shiftworking, Cmnd. 4554, paras.156,168.
 5. NBPI, Report No.2, Wages, Costs and Prices in the Printing Industry, Cmnd.2750.

participation of representatives of NHS ancillary workers in the introduction of efficiency schemes,¹ and in the pottery industry it diagnosed as one of the problems the weak powers permitted to shop stewards by management,² and proposed increased consultation.³

Perhaps the most thoroughgoing example of co-operation in the interests of efficiency which the Board encountered was the Joint Industrial Board established in electrical contracting.⁴ Although the NBPI was very critical of some of the proposals for pay increases made by the JIB (on the grounds that they did not secure adequate managerial control), it welcomed the overall conception enthusiastically. The JIB was under joint management-union control, and employed an expert staff whose task was to provide the factual background for negotiations. Considerable emphasis (too much, in the NBPI's opinion) was placed on securing adherence to the standard national rates fixed for various grades of workers. The agreement under which the JIB was established involved a high degree of discipline among both firms and workers, a system of fines for firms and combination of fines and loss of welfare benefits being established for men who broke the rules on payment rates or behaved in a way "prejudicial to the interests of the JIB".⁵ The NBPI considered that the Agreement did

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1. NBPI, Report No.166, Pay and Conditions of Service of Ancillary Workers in NHS Hospitals, Cmnd.4644, para.97.
 2. NBPI, Report No.149, Pay and other Conditions of Employment of Workers in the Pottery Industry, Cmnd.4411, para 59 ff.
 3. ibid., paras 89 ff.
 4. NBPI, Report No.120, Pay and Conditions in the Electrical Contracting Industry, Cmnd.4097.
 5. ibid., para.25.

not place enough emphasis on productivity,¹ but praised the idea in principle, seeing it as a unique example of "a permanent body of experts at the service of an industry and under joint management-union control."²

As was shown in the previous chapter, and as the above examples suggest, the NBPI fully accepted trade unionism, and did not seek through its proposals for joint participation to undermine the position of unions. Discussing various proposed replacements for PBR systems, the Board said explicitly:

"Despite their emphasis on joint co-operation and workers' identification with the success of the firm, however, it is important that these plant-wide schemes do not appear designed to weaken the influence of unions".³

And in its third general report the Board asserted the need for unions or their factory representatives to be involved in areas previously regarded as part of the managerial prerogative, such as the determination of work standards; the Board hoped that this would lead to a decline in disputes on the shop floor, and to a start on increased participation in the affairs of an undertaking.⁴ Again, the Board was able to reconcile these traditional areas of tension because of its confidence in the overall unity imparted by the search for increased productivity. It was not any kind of unionism which the Board approved, but what it regarded as "responsible" unionism:

1. ibid., para.187.

2. ibid., para.38.

3. NBPI, Report No.65, PBR Systems, para.153.

4. NBPI, Report No.77, Third General Report, August 1967 to July 1968, Cmnd. 3715, para.39.

"Not all union intervention can be turned into constructive channels by appropriate improvement and rationalisation of salary structure. Unhelpful union attitudes may be dictated by considerations quite outside a company's control, and may indeed be based simply on traditional thinking which is difficult to change. We would consider a root and branch opposition to a system of pay linked to performance to come into this category. But in so far as rational responses govern union intervention we would expect their influence to be constructive in organisations having a planned salary structure combined with adequate techniques for its administration."¹

The Board considered that a major need among unions was the establishment of "expert" productivity departments, and at shop-floor level better training for shop stewards and other representatives to fit them for the task of productivity bargaining².

When a union presented its claims it should accompany them with "constructive suggestions as to how they can be met".³ In consequence the Board could, as was again seen in the previous chapter, at the same time maintain the importance for workers' interests of strong trade unions and call on employers in their own interest to help develop unions among their employees.⁴

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1. NBPI, Report No.132, Salary Structures, para.52.
 2. NBPI, Report No.94, Productivity Agreements in the Road Haulage Industry, Cmnd.3847, passim; Report No.123, Productivity Agreements, para.94; and Report No.155, Gas Industry, paras.37, 38.
 3. NBPI, Report No.122, Fourth General Report, para.62.
 4. NBPI, Report No.86, Staff Workers in the Gas Industry, para.53; and Report No.92, Building Industry, paras.161-3.

Conclusions

The main outline of the NBPI's concept of domination may now be summarised in the following terms:

1. Control of the pay structure must be in the hands of professional management;
2. But management should exercise this control, not unilaterally, but in combination with workers and their unions;
3. Differences of interest between management and workers were accepted, but subsumed under the general goal of the pursuit of increased efficiency; and of the two parties management was primarily identified with this goal;
4. Failures of the real situation to correspond with the NBPI's ideal were largely the result of management losing control to workgroup pressure, or to the absence of pressure on management from such forces as competition which would impose the need for restraint.

LEGITIMACY AND ACCEPTABILITY

It is now necessary to consider how the Board dealt with the problem of rendering a strengthened managerial authority acceptable to the workforce. The Labour Government's incomes policy, like that of its predecessor, was essentially a voluntary exercise; periods of statutory enforcement were temporary and publicly treated as regrettable necessities. Of central importance therefore was an attempt to establish a framework of shared values, and this is a question which the NBPI had to bear in mind when making its recommendations. It was not adequate to produce solutions which seemed, economically and administratively, sound; they needed to be acceptable and to have persuasive power.¹ The principles of pay determination which the Board advocated had to be legitimated, particularly when they involved a critique of customary practices.

As was shown in the discussion of the structure of inequality, an over-riding aim of the Board was to assert the acceptability of a hierarchy of skill and responsibility, and the unacceptability of most other criteria. Its tendency to use terms like "fairness" and "equity" to describe this hierarchy was also considered. It is now possible to explore the second-order values to which the Board appealed in order to support this hierarchy. In effect, this amounts to a study of the Board's attempts at a persuasive theory of distributive justice. On this question the Board was, in principle, clear

1. Fels goes so far as to speak of the 'propagandistic' role of the Board (op.cit., p.80) and to its 'dogma' (p.242).

and unambiguous; it sought to establish pay structures and justifications for increases which were based on "rationality". By rationality is meant a system whose features are overt and clear, calculable in precise terms according to a body of internally consistent and logical principles. This was a desideratum which the Board articulated explicitly:

"One of the basic causes of inflationary rises in earnings is fragmented pay structures which encourage leap-frogging claims and whose apparent lack of logic leads to resentment and to the feeling that merit is rewarded in a haphazard fashion".¹

". . . there are certain principles which should be followed in any assessment of performance. First, the particular method adopted must be seen by the staff affected to be fair and equitable. This factor assumes increasing importance at a time when white-collar unions are increasing their membership. Secondly, it is important to assess only those factors which are directly related to performance. More general personality traits unrelated to performance are irrelevant to the process of performance appraisals. Thirdly, whatever system is adopted, quantifiable indicators of performance should be included wherever possible as they reduce the possibility of bias on the part of the assessor."²

The absence of various of these aspects of rationality would form the basis of strong criticism of a pay structure.³ The slowness of the growth of "logical and known" salary structures was deplored.⁴ When at a loss to determine whether the higher pay of semi-skilled

1. NBPI, Report No.122, Fourth General Report, para.64.

2. NBPI, Report No.132, Salary Structures, para.69.

3. NBPI, Report No.49, Engineering Industry paras.72,119.

4. NBPI, Report No.132, op.cit., para.5.

workers in engineering reflected a genuine need to reward dreariness, etc., more strongly than skill, the Board took refuge by criticising the fact that this was a "haphazard development arising from ad hoc decisions" and not the result of coherent policy.¹ The pottery industry was criticised for the lack of an "objective" base for its pay scheme.² Similar criticisms were made of pay structures for manual workers in local government, the NHS, gas and water supply because they did not rest on a "scientifically based system of job evaluation. They have grown up over a long period of time as the result of detailed negotiations between employers and unions".³

The NBPI's proposals for reform of pay structures were usually based on the adoption of greater rationality. Solicitors were urged to adopt a more rational pricing policy;⁴ two insurance companies were advised to relate all future salary agreements to objectively established work measurement;⁵ and the Board called for a more "objective system" of appraising the work of journalists and of grading their salaries.⁶ A means of securing this desired rationality which the Board advocated on many occasions was job evaluation, which it defined as the "comparison of jobs by use of formal and systematic

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1. NBPI, Report No.49, op.cit., para.34.
 2. NBPI, Report No.149, ... Pottery Industry, para.36.
 3. NBPI, Report No.29, The Pay and Conditions of Manual Workers in Local Authorities, the National Health Service, Gas and Water Supply, Cmnd.3230, para.87.
 4. NBPI, Report No.54, Remuneration of Solicitors, Cmnd.3529, para.42.
 5. NBPI, Report No.74, Agreement relating to Terms and Conditions of Employment of Staff employed by the Prudential and Pearl Assurance Companies, Cmnd.3674, para.24.
 6. NBPI, Report No.115, Journalists' Pay, Cmnd.4077, para.48.

procedures . . . in order, after analysis, to determine the relative position of one job to another in a wage or salary hierarchy".¹

It related job evaluation to the problem of equity and to the new participative role of trade unions:

"Summarily, it seems to us to provide a means by which pay structures can be constructed which are accepted as rational and equitable by those affected, a discipline which is accepted by both parties about the way in which subsequent adjustments in relative pay are made and new jobs are fitted into the structure, and a basis upon which components of pay other than basic job rates may be brought under effective joint regulation. It is thus a potentially important instrument for dealing with one of the main reasons why the growth in incomes tends to outstrip the growth in productivity - namely, the struggle engendered by what are regarded as inequitable, irrational and arbitrary pay structures. In addition, it provides a forum in which the trade unions can play a part; they become co-partners in the determination of the framework governing pay."²

The value of job evaluation rested in determining objectively differences of skill and responsibility which might not be capable of a superficial calculation. Thus, in the case of local government chief and senior officers, whose salary system had degenerated, the NBPI saw job evaluation as a means of "measuring the value and importance" of principal officers posts,³ while a long-term solution for local government officers' pay structure must be sought "in the development of a salary structure which will reflect differences in the level of job content, no matter where the job may be performed. This

1. NBPI, Report No.83, Job Evaluation, para.83.

2. ibid., para.47.

3. NBPI, Report No.45, Pay of Chief and Senior Officers in (1) Local Government Service and (2) the GLC, Cmnd.3473, para.59.

in effect implies a method of job evaluation . . ."¹ A dispute between BOAC and its pilots over whether they should automatically be paid at higher rates for working on new large aircraft should be resolved by job evaluation; higher payment should reflect changes in job content identified by a job analysis.² In the building industry changes in technology had made necessary a re-examination of traditional apprenticeships and training and recognition of certain semi-skilled occupations; such a reorganisation of the wage structure would need to be carried out by means of a job evaluation.³ And the Board

tried, in effect, to apply a form of job evaluation to the work of solicitors.⁴

Payment systems encountered by the Board which exhibited rationality and objectivity were praised (for example, a pre-determined motion-time system in engineering⁵). And the Board even sought to combine under the category of rationality means of setting the pay of top managers and manual workers.

1. ibid., para.58.

2. NBPI, Report No.88, Pay of Pilots Employed by BOAC, Cmd.3789, chap.5.

3. NBPI, Report No.92, Building Industry, chap.5.

4. NBPI, Report No.54, Solicitors, para.42.

5. NBPI, Report No.83, Job Evaluation, paras.70,71.

The problem of subjectivity

Powerful though the NBPI's enthusiasm was for rational and objective pay structures, certain very important limitations must be noted. Despite its willingness to advocate rationality and criticise the absence of it, the Board also disarmingly acknowledged the essential subjectivity of job evaluation, the impossibility of ruling out bargaining and the intrinsic difficulties of making meaningful comparisons between different occupations:

"Despite the impersonal character of job evaluation, . . . all job evaluation methods depend on a series of judgements. Hence job evaluation must by its very nature contain subjective elements. Moreover, there is also a group of concepts recurrently associated with the techniques of job evaluation on which it is important to remark . . . logic, justice and equity For our part, we would in this context relate 'logic' to the replacement of arbitrary and confused pay differentials by differentials based on common criteria after examination of job contents and conditions. Similarly, we would express the concept of 'equity' as equal pay for work of equal worth, as measured by the particular job evaluation scheme in use.

However logical the results of the job evaluation may be, they will normally be subject to negotiation, or at least to a process of consent. Negotiation here has two functions - one of reconciling where necessary differing views of the relationship between one job and another; two, of reconciling and ratifying the general acceptability of the rankings achieved by the job evaluation scheme. Indeed, acceptability is indispensable to a job evaluation scheme."¹

1. ibid., paras.8,9.

Further, the Board made a criticism of one system of job evaluation (points rating) the fact that it imparted a misplaced sense of objectivity. This ambivalence was again demonstrated in the report on salary structures:

"In the absence of clear-cut principles, the practical aim of managers has been to establish pay systems on a basis of acceptability to all concerned: that is to achieve a consensus about how salaries should be administered. Although job evaluation rests ultimately on a subjective foundation, as a technique it has proved most valuable in enabling pay structures to be rationalised and put on an acceptable basis."¹

In one major reference, that on armed forces' pay, the NBPI was itself called upon to carry out a job evaluation exercise. It did so painstakingly and elaborately, making a series of sophisticated comparisons with civilian analogues for each service grade being evaluated. But despite this, the Board conceded the ultimate arbitrariness and subjectivity of the whole exercise.² And then, having carried out such precise calculations for assessing basic grading, the Board pulled an arbitrary sum out of the air to make up what it called the "X factor" in service pay, designed to compensate for the unique characteristics of military life.³ Similar arbitrariness was subsequently displayed, and freely acknowledged, when the NBPI was called on to propose increases for senior officers⁴ and in the armed forces separation allowance.⁵ This last instance, of course, concerned

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1. NBPI, Report No.132, Salary Structures, para.19.
 2. NBPI, Report No.116, Standing Reference on the Pay of the Armed Forces (Second Report), Cmnd.4079, paras.70ff.
 3. ibid., paras.78 ff; Fels, op.cit., p.162.
 4. NBPI, Report No.157, Standing Reference on the Pay of the Armed Forces (Fourth Report): The Pay of Senior Officers, Cmnd.4513, para.15.
 5. NBPI, Report No.158, Standing Reference on the Pay of the Armed Forces (Fifth Report): Separation Allowance, Cmnd.4529, para.7.

an element in pay not related to skill and responsibility, and such elements gave the Board particular trouble. A similar instance arose with light-keepers' pay,¹ while a somewhat more central example, in the engineering industry, has already been noted above when the Board raised the question of whether the unpleasantness of much semi-skilled work might not in fact merit incomes which overtook those of skilled workers, before evading the issue and passing on.²

Further evidence of the NBPI's difficulty in practice of administering the rationality which, in principle, it urged on all those responsible for establishing pay structures may be gleaned from those cases in which, in order to secure an "acceptable" settlement, the Board sacrificed something of its concern for strictly justifiable agreements. In the report on clerical workers in electricity supply, who sought an increase on grounds which the Board rejected, it nevertheless concluded that the increase should be awarded because of the "sense of disturbance" which would otherwise be caused, and "as a means of restoring harmony".³ Similarly, London busmen were considered entitled to a rise because the LTB had promised it, even though the NBPI rejected the case which had been offered in support.⁴

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1. NBPI, Report No.114, Pay and Duties of Light-Keepers, Cmnd.4067, paras.56,59.
 2. NBPI, Report No.49, ... Engineering Industry para.34.
 3. NBPI, Report No.5, Remuneration of Administrative and Clerical Staffs in the Electricity Supply Industry, Cmnd.2801, paras.44,45; Mitchell, op.cit., chap.15.
 4. NBPI, Report No.16, Pay and Conditions of Busmen, Cmnd.3012, chap.8.

Manual workers in electricity supply were later allowed an increase in excess of what the Board considered to be merited because they had suffered a relative decline in earnings as a result of accepting a major productivity agreement.¹

Similar problems of subjectivity and the absence of practicable criteria appeared when the Board attempted to pronounce on the appropriate division of gains from productivity increases among the firm, the workers and the consumers. In principle the Board insisted on some attempt to make a fair distribution, including this in its revised guidelines for productivity agreements.² In particular it was concerned to ensure that workers benefited only from improvements in productivity which were the results of their own efforts; partly on the grounds that otherwise workers in capital-intensive industries would enjoy an unfair advantage.³ However, the discovery in practice of an acceptable principle of distribution proved elusive, and the Board was usually reduced to casting doubt on particular bargains reached⁴ (for example, in electricity supply,⁵ insurance,⁶ busmen,⁷ civil engineering,⁸ building,⁹ agriculture,¹⁰ ICI Ltd,¹¹ BICC Ltd,¹²

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1. NBPI, Report No.42, Electricity Supply Workers, para.71.
 2. NBPI, Report No.123, Productivity Agreements, para.131, Guideline 5.
 3. ibid., para.122.
 4. ibid., para.101.
 5. NBPI, Report No.42, op.cit., chap.3.
 6. NBPI, Report No.74, .. Prudential and Pearl Assurance... paras.21 ff
 7. NBPI, Report No.85,Busmen... Dundee, para.14.
 8. NBPI, Report No.91, ... Civil Engineering Industry, para.35.
 9. NBPI, Report No.92, Building Industry, para.44.
 10. NBPI, Report No.101, Pay of Workers in Agriculture in England and Wales, Cmnd.3911, para.26.
 11. NBPI, Report No.109, Pay of Salaried Staff in ICI Ltd. Cmnd.3981, paras.196,7.
 12. NBPI, Report No.125, BICC Ltd, para.42.

and film processing ¹).

From this discussion one may note two important features of the Board's concern with rationality in pay structures and criteria for increases. First, the rationality sought by the Board was not that of the market; it was certainly not advocating that salaries and wages be left to find their market rate, which rate would subsequently be judged rational. Second, its main concern in seeking rationality was to find structures which would be accepted as internally coherent rather than a precise substantive rationality according to its own criteria of skill and responsibility. This is not to argue that the Board was not concerned with whether a salary structure "really" corresponded to measurable differences in skill and responsibility; clearly, if such structures were available the Board would have been happiest with them. However, as several of the examples cited have shown, the Board was aware of the arbitrariness of several of its apparently objective methods, and its over-riding concern in this matter was to produce structures which those concerned would accept as rational and hence (and in the Board's view, ipso facto) as equitable. In this way alone is it possible to reconcile the Board's insistence on the need for rational pay structures with its acceptance of the impossibility of producing true objectivity.² The Board's task

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1. NBPI, Report No.131, Pay of certain Employees in the Film Processing Industry, Cmnd.4185, para.42.
 2. Fel; draws a distinction here between the Board's frequent confident recommendations of job evaluation as the solution to specific references and its far more cautious approach in its own general report on the subject (op.cit., p.126).

in proposing job evaluation, work measurement and so forth was thus at least in part an exercise in persuasion. It was seeking to encourage people in industry to accept as objective the verdicts of such assessments, and to acknowledge that these verdicts should govern their pay structures.

Rationality, bargaining and power

The NBPI's persuasive tasks and its advocacy of rationality may be further studied through its contrasts between the virtues of rationality and the evils of "bargaining". This emerges most strongly in the Board's series of case studies on piecework systems. A "good" scheme was one where job evaluation and work study were considered as sacrosanct and not as game for the bargaining process;¹ while in a "bad" case pay was based on workshop bargaining.²

"Bargaining" was contrasted with "objectivity",³ and was equated with unfairness.⁴ In its first report on productivity agreements the Board even sought (unsuccessfully) to eliminate the terms "productivity bargaining" and "productivity deal" in favour of "productivity agreement".⁵ The Board also contended that "bargaining" was unpopular among workers:

"Even if the cards were stacked in the bargaining process in favour of the men, there was evidence that many did not enjoy the business of negotiation. It was seen by a good number to be time wasting and some, by their nature, disliked constant haggling of a bazaar type. The new system introduced standards and a degree of objectivity which appeared to them to be more equitable and avoided a situation where some men could get a bonus of '... 50 per cent for the work he does and 50 per cent "for his mouth"!"⁶

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1. NBPI, Report No.65, (Supp), PBR Systems, Paper 6. The Board's views on this were shared by the professional managerial institutes which it consulted (ibid. Paper 8, para.11.)
 2. ibid., Paper 8, para.4.
 3. ibid., Paper 10, para.13; and Paper 12, para.18; Report No.79, National Guidelines Covering Productivity Payments in the Electricity Supply Industry, Cmnd.3726, para.18.
 4. NBPI, Report No.65 (Supp), op.cit., Paper 8, para.8.
 5. NBPI, Report No 23, Productivity and Pay....., para 23
 6. NBPI, Report No 65 (Supp), op cit, Paper 10, para 14; see also ibid, Paper 8, para 10; Paper 9, paras 8, 10; Report No 65, op cit, para 97; Report No 83 (Supp), Job Evaluation (Supplement), Cmnd 3772-I, para 133

But none of this should be taken to mean that the NBPI was opposed to the process of collective bargaining as such, as has been made clear in the discussion of managerial authority above. The Board sought to separate disputes over the grading and evaluation process from those concerning pay claims, and to have the former resolved by objective work-study exercise,¹ while the latter (as has been seen) should become a matter of exchanging improvements in productivity for pay increases. What the Board was really opposing when it spoke critically of bargaining was the exercise of "power" by work-groups or unions:

"We have read the Statement of Intent and the subsequent White Papers as meaning that trade unions and employers' associations have become powerful bodies, all the more powerful at a time of high employment . . . one group of employees may be better organised than another even in the same industry - manual workers may, for instance, be better organised than clerks, the more militant group may therefore operate to divert the distribution of income in its favour. The White Papers accordingly lay down rules to ensure that incomes and prices are not determined by the play of power and that the possible adverse consequences for others of actions by powerful bodies are better taken into account. Arbitration or mediation called upon to terminate a dispute between two contestants is under a strong compulsion to pay primary regard to the interests of the contestants and therefore to ignore the implications of the settlement for others. It tends therefore to reflect and perpetuate the existing distribution of power and by its nature it is at variance with a policy which seeks to ensure that incomes are not determined by power alone."²

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1. NBPI, Report No.83 (Supp), op.cit., para.181.
 2. NBPI, Report No.19, General Report, April 1965 to July 1966, Cmd.3087, para.86.

In contrast with inequalities of income which derived from skill and responsibility, those which resulted from the use of "power" constituted injustice.¹ As was pointed out when reference was made to this paragraph above, the Board was engaged in a process of "persuasive definitions", in which elements of strength which one wishes to oppose are stigmatised as "power", while those of which one approves (in this case inequalities of skill and responsibility) are described as rational, fair and just. In a milder but equally instructive passage the Board used the hold-all term of industrial relations literature, "institutional factors", to describe those aspects of differentials^{of} which it did not approve; when considering possible ways of assisting the low-paid it remarked that differentials were not easy to change, and some may need widening, but that there were many which "owe more to institutional than to economic or social factors."²

1. NBPI, Report No.122, Fourth General Report, para.72.

2. NBPI, Report No.170, Final General Report, para.124.

Productivity and acceptability

The appeal to rationality played an important part in the NBPI's work, but the Board also made use of a more material inducement to consensus: the scope for productivity. Of course, the Board had several economic reasons for seeking increased productivity in addition to its need to make a prices and incomes policy acceptable, but it would be wrong to disregard this latter aspect. In nearly all its incomes reports the Board tried to find some means by which productivity could be improved in order to make possible (or justify) a pay increase.¹ Frequently it used the prospect of a productivity increase to sweeten the pill of a rejected claim, or it would hint, vaguely or in detail, at productivity improvements which may make possible fulfilment of workers' income aspirations. It sought to use the scope for productivity increases as a means of easing British Rail from the "Guillebaud formula" of comparisons²; it sought to enable the Bakers' Union to achieve their aims without cost increases through proposed productivity improvements;³ it proposed means of linking pay increases to improvements in manpower use to resolve the pay problems of LTE buses.⁴ When a pay reform was proposed for the

1. Fels, op.cit., p.50.

2. NBPI, Report No.8, ... British Railways Staff ... ch.8.

3. NBPI, Report No.9, Wages in the Bakery Industry, First Report, Cmnd.2878, para.11.

4. NBPI, Report No.16, Busmen, para.100.

industrial civil service, the NBPI said that the increases in pay would need to be offset as far as possible by better utilisation of labour, productivity proposals being made to that end.¹ Firemen were told that if they were to have a large increase in pay it must be offset by offering longer hours of availability.² In road haulage, the Board declared that there would be no scope for significant increases in profits, salaries or wages unless there were equally significant increases in productivity.³ Increases in efficiency were seen as the only solution to the printing industry's problems of low profits and high wages;⁴ and productivity improvements were recommended in several reports on municipal bus workers' pay.⁵ Maintenance workers at BRS were told that a bigger increase than the Board would accept could become possible if certain manpower and work measurement policies were adopted⁶; similar advice was also given to bus company maintenance workers⁷ and bank staffs.⁸ The Board stressed the common interests of management and workers which were involved in productivity improvements:

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1. NBPI, Report No.18, Pay of Industrial Civil Servants, Cmnd.3034, chap.5.
 2. NBPI, Report No.32, Fire Service Pay, Cmnd.3287, para.39.
 3. NBPI, Report No.48, Charges, Costs and Wages in the Road Haulage Industry, Cmnd.3482, para.67.
 4. NBPI, Report No.2, Printing Industry, para.36.
 5. NBPI, Report No.63, ...Municipal Busmen, para.51; Report No.78, Award relating to Terms and Conditions of Employment in the Road Passenger Transport Dept. of Rochdale CBC, Cmnd.3723, para.28; Report No.95, Pay and Conditions of Busmen employed by the Corporation of Wigan, Cmnd.3845.
 6. NBPI, Report No.90, Pay of Vehicle Maintenance Workers in BRS, Cmnd.3848, para.35.
 7. NBPI, Report No.99, Pay of Maintenance Workers employed by Bus Companies, Cmnd.3868, para.35.
 8. NBPI, Report No.106, Pay in the London Clearing Banks, Cmnd.3943, para.63.

"Both sides stand to benefit since . . . the raising of the productivity of staffs is the key both to higher earnings for the staff and to lower salary costs for the industry."¹

And in a report on Scottish electrical contracting which rejected large elements of a pay agreement, the Board consoled the industry:

"We hope that [our further] studies will enable us to give the industry . . . an indication of where the best prospects lie for achieving the aims shared by all parties of improved productivity and industrial relations together with higher pay."²

The usefulness of productivity improvements as a means of escaping the problem of competition for scarce resources appeared most prominently with respect to low pay. As was discussed earlier, low pay gave the NBPI considerable difficulty. At first it sought to avoid use of the criterion, and later tried to cope with it by proposing increases in minimum earnings levels; this proved unsatisfactory because of the problem of disrupting differentials,³ and towards the end of its life the Board came to see increases in productivity as the most promising means of resolving low pay in individual firms or industries:⁴

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1. NBPI, Report No.86, Staff Workers in the Gas Industry, para.53
 2. NBPI, Report No.108, Pay and Conditions in the Electrical Contracting Industry in Scotland, Cmnd.3966, para.21.
 3. Fels, op.cit., p.131.
 4. ibid., p.131; Mitchell, op.cit., p.171,186, also discusses the problems presented to the low paid by productivity bargaining. In fact, increased productivity could be a solution to low pay (defined relatively) only in particular firms or industries and not over the economy as a whole, if the Board had advocated productivity improvements solely in those sectors where there was low pay, which clearly it did not do. If the low paid were in occupations where improvements in productivity were difficult, productivity bargaining would lead to a worsening of their position,

"In so far as improving the position of the low paid is one of the purposes of a productivity, prices and incomes policy - which in our view it should be - the main remedy is to be found in the improvement of efficiency. Except in a minority of instances, therefore, we consider that the improvement of the position of the low paid can be subsumed in the general problem of improving efficiency."¹

This approach was used most significantly in the three major low pay references received by the Board towards the end of the life of the Labour Government, when official policy on incomes had changed direction² and in the general report on low pay which the Board produced consequent on these.³ Interestingly, this report did not claim that increased productivity could in fact help the relative position of the low paid (which raises certain problems since the category had been defined in relative terms at the outset):

"... given full employment, much the most effective way of improving the real income of low-paid workers more rapidly is, as with all workers, to improve the country's rate of economic growth ... while past experience indicates the difficulty of raising the gross earnings, of the low-paid workers in relation to those of other workers, the tax and social security system has provided an effective means of redistributing net income in a way which favours the low paid."⁴

Thus, increased efficiency, or a conscious attempt at increasing the society's real wealth, became a useful means of avoiding the problem of income distribution and the major issue of competition for scarce resources:

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1. NBPI, Report No.122, Fourth General Report, para.59.
 2. NBPI, Report No.166, Ancillary Workers in NHS Hospitals; Report No.167, Pay and Conditions of Service of Workers in the Laundry and Dry Cleaning Industry, Cmnd.4647; Report No.168, Pay and Conditions in the Contract Cleaning Trade, Cmnd.4637.
 3. NBPI, Report No.169, General Problems of Low Pay, Cmnd.4648.
 4. ibid., para.47.

"In a period of economic stagnation gains in the living standards of the low-paid would have to be at the expense of other workers' living standards and this is bound to be resisted. When there are increases to be shared, it should be easier to give more to the low paid."¹

The principle is, of course, of greater potential application than the particular problems of the low paid, and may be applied to the general question of income redistribution; to that extent, much of the Board's work in proposing productivity solutions to income disputes may be seen as means of escaping from the wider problems of the distribution of scarce material resources.²

1. ibid., para.122.

3. This conclusion is borne out by Fels, op.cit., p.224.

The problem of comparability

The importance of comparability in collective bargaining was discussed in chapter 4. It was suggested there that comparisons are usually based on narrow criteria. This fact provided a strong rationale for the Board's strategy of seeking a stable structure of earnings based on hierarchies of skill and responsibility: the Board had a right to assume that such a hierarchy could command consent, since an important element in comparability claims was the defence of skill and responsibility differentials. But this did not mean full acceptance of comparability as practised. As has been shown at many points in this chapter, the Board itself sought a pay structure based on a rational assessment of skill and responsibility. It therefore sought to build on the degree of popular assent which this principle could potentially command, encouraging those differentials which could be rationally defended, and opposing both differential claims which were based only on unexamined customary relationships and general comparisons which were not even related to a system of differentials. This meant challenging much of the everyday conduct of comparability.¹ As was noted in chapter seven, the White Paper had formally and increasingly down-valued the comparability criterion, and the Board saw it as a major mechanism in the inflationary leap-frogging process, particularly in the form of "secondary drift",² and attacked its role.³

1. ibid., p.104; Mitchell, op.cit., p.192.

2. NBPI, Report No.65, PBR Systems, para.42; Report No.77, Third General Report, paras.34,37.

3. NBPI, Report No.98, Standing Reference on the Pay of University Teachers in Great Britain (First Report), Cmnd.3866, para.37.

"There is no doubt that comparability is a powerful influence in wage and salary determination in that it is thought to embody a notion of fairness. Equally, there is no doubt that, by transmitting pay increases from one group to others automatically, it is a potent cause of inflation. Moreover, the notion of fairness which it is thought to embody can be more apparent than real if it causes to be passed on to other workers an increase originally granted to a particular group in return for a direct contribution towards increasing productivity."¹

"While we accept that full and accurate information about salaries paid for comparable jobs is a useful tool in salary administration, and is especially necessary in relation to the comparatively small proportion of highly mobile people with scarce professional skills, the standard of information at present collected is often very inadequate and it is used in an uncritical way with results which are expensive for employers (whose costs are raised unnecessarily) and unsatisfactory in any but the short term for salary earners, who are victims of the inflation to which these methods of salary fixing contribute."²

The White Papers had encouraged the NBPI to place a decreased emphasis on comparisons, and it carried out this task enthusiastically,³ in, for example, the bus industry.⁴ In its first report on the Armed Forces' pay it criticised the crude comparisons of the Grigg formula, and asked the Government to refer again to the Board for a more sophisticated means of assessing service pay;⁵ this led subsequently

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1. NBPI, Report No.86,Staff Workers in the Gas Industry, para.55.
 2. NBPI, Report No.132, Salary Structures, para.94.
 3. See the critical comments on comparability of A. Jones, chairman of the Board, in A.D. Smith, The Labour Market and Inflation, (London, Macmillan, 1968).
 4. NBPI, Report No.50, Productivity Agreements in the Bus Industry, Cmnd.3498, paras.70 ff; Report No.69, Pay and Conditions of Busmen employed by the Corporations of Belfast, Glasgow and Liverpool, Cmnd.3646, passim.
 5. NBPI, Report No.10, Armed Forces Pay, Cmnd.2881, para.27.

to the Board's job evaluation exercise on this subject.¹ Similar replacements of existing machinery were proposed for British Rail² and the industrial civil service³; and the use in fixing the pay of teachers⁴ and electricians⁵ in Scotland of rigid comparisons with their English counterparts was criticised.

Where the NBPI allowed some role for comparability it emphasised the need for this to be based on a sophisticated exercise in work measurement and job evaluation, in contrast with the vague concern for general trends which was frequently exhibited.⁶

However, such is the importance of comparability that on occasion the Board had to recognise its attractions in securing good industrial relations (for example, the Guillebaud system on British Railways⁷). In some instances the Board itself had recourse to more or less crude comparisons in making awards, (for example, railway clerks,⁸ and insurance staff,⁹ particularly towards the end of its life when the rate of wage inflation generally taking place made it impossible to hold back the pay of these groups which happened to be

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1. NBPI, Report No.116, ...Armed Forces
 2. NBPI, Report No.8, British Railways Staff
 3. NBPI, Report No.18, ... Industrial Civil Servants, chap.4.
 4. NBPI, Report No.15, Scottish Teachers' Salaries, Cmnd.3005, paras. 35-38.
 5. NBPI, Report No.108, ...Electrical Contracting
 6. NBPI, Report No.6, Salaries of Midland Bank Staff, Cmnd.2839, para.33; Report No.74, Prudential and Pearl Assurance Companies
 7. NBPI, Report No.8, ...British Railways Staff ... para.18.
 8. ibid., chap.6.
 9. NBPI, Report No.41, Salaries of Staff employed by the General Accident Fire and Life Assurance Corporation Ltd., Cmnd.3398, paras.27 ff.

the subject of references to the Board (for example, the second report on the industrial civil service,¹ and the problem of university teachers following the comparability increase awarded doctors and dentists by their review body.² And when the Board finally came to define low pay, it was forced to accept a relative definition, which itself implied a degree of comparability.³ The Board had acknowledged the deep-rootedness of comparability in its first general report,⁴ and three years later it had to comment again on its tenacity:

"Behind the concept there lie considerations of equity and these are reinforced by administrative convenience in the sense that comparability provides negotiators with a simple formula for the determination of pay. Further impetus is given to comparability by the assumption that there exists a labour market, the prices in which have to be matched, though the assumption is often belied by the facts

Since the concept of 'comparability' has its dangers, but is at the same time so deeply rooted and cannot entirely be discarded, we consider that our work needs to be complemented by a fuller reference on the subject, particularly where it relates to activities which cannot be 'priced' and where benefits cannot easily be measured against costs."⁵

The reference was not forth-coming, and the application of the principle of comparability has of course outlived the NBPI.

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1. NBPI, Report No.146, Pay and Conditions of Industrial Civil Servants, Cmnd.4351.
 2. NBPI, Report No.145, Standing Reference on the Pay of University Teachers in Great Britain (Second Report), Cmnd.4334, paras.19, 20, See Fels, op.cit., pp.114-118.
 3. NBPI, Report No.169, ... Low Pay, para.89.
 4. NBPI, Report No.19, General Report chap.5.
 5. NBPI, Report No.122, Fourth General Report, paras.65,68.

Fels goes so far as to speak of a "formal recantation" by the NBPI of its earlier attacks on comparability in the course of his discussion of the Board's difficulties on this issue.¹ But he also points out that the Board's position appears more consistent if distinctions are made between "refined" and "crude" comparisons: thus, the Board distinguished between comparison of levels of pay and movements of pay; was concerned with the precision and appropriateness of comparisons; distinguished between rates and earnings; and considered whether or not alternative means of fixing pay were available to the group concerned.² In particular, he considers that the deep attachment of the public sector to ('frequently refined') forms of comparison undermined the Board's general attack.³

1. Fels, op.cit., pp.116-118.

2. ibid., pp.119-121.

3. ibid., p.123.

Conclusions

The major conclusions to be drawn from this discussion of the NBPI's approach to the problem of legitimacy and acceptability are as follows:

1. The Board made a strenuous attempt to have pay differentials based on clearly rationalistic rules, its main aim being to persuade those concerned to accept this rationality even though the Board itself was aware of the ultimately subjective and arbitrary nature of most such exercises;
2. It sought to stigmatise as the exercise of (illegitimate) power all means of securing increases in pay which accorded neither with this rational process nor with the criterion of increased productivity;
3. The Board made use of the productivity criterion to secure a different kind of consent for incomes policy, and also to enable it to evade difficult problems of income distribution which occurred, for example, with the low paid;
4. These attempts at constructing a new consensus over income distribution led the Board into direct conflict with time-honoured practices and entrenched principles of comparability which had formed part of an earlier consensus. However, certain elements of this principle provided the Board with a basis of support for hierarchies according to skill and responsibility, while a response was also evoked for productivity solutions.

THE CORPORATISM OF THE NBPI

The NBPI, as the culmination of attempts at incomes policy during the period under review, has been described in this and the previous chapter as expressing the state's commitment to a managerialist economy. This is shown in the following characteristics:

1. The Board was concerned with the internal integrity of skill and responsibility hierarchies following the principles of administrative rationality. This subordinated the role of pure market criteria, and also clearly presented a structure of inequality which would place management at its peak. It is important however to note that the confrontation with market criteria was far from complete. Rather, the Board sought to reconcile market criteria and the imperatives of bureaucratic structure and state planning; as Joan Robinson has pointed out:

"Incomes policy is an expedient to cope with a pressing situation. There is no articulate philosophy behind it. The philosophy which it implies is both a rejection and acceptance of laissez-faire. It emphatically rejects laissez-faire, since it expresses an acknowledgement that the free play of the market does not establish an equilibrium price level, rather a progressive degeneration in the value of money. At the same time it tacitly accepts the distribution of real income that the market throws up."¹

In fact, as noted above, in some respects the Board rejected aspects of market determination, if only because the context of full employment rendered the labour market an irrelevant mechanism. This

1. J. Robinson, Economics: An Awkward Corner (London, Allen and Unwin, 1966), pp.21, 22.

ambiguity between bureaucratic and market criteria is very closely related to Marris's interpretation of income determination in what he calls managerial capitalism: the 'bureconic' criterion which reconciles both administrative hierarchy and market values, reference to which was made in chapter three.¹ It also recalls Roberts' analysis of the problems of seeking to impose administrative controls over an entire income structure.² But perhaps the most significant rapport with the wider literature of these findings on the work of the NBPI is with R.P. Dore's discussion of traditional differences between Japanese and British wage structures and of the tendency for the latter to move towards the former.³ Dore makes some reference to the Board's work in this area. The central feature here is the replacement of market mechanisms by those of managerial determination. Bargaining, especially of the piecework kind, is for these purposes a form of market determination, and a crucial aspect of the difference between the two systems is the stress of the Japanese model on internally coherent hierarchies as opposed to pay determination by reference to an external market. As has been seen here, this was an important theme in the NBPI's recommendations. For Dore, moves towards the Japanese on administratively determined system are characteristic of the (private) corporatism which he describes.

1. R. Marris, The Economic Theory of 'Managerial' Capitalism, (London, Macmillan 1964), p.97.

2. B.C. Roberts, National Wages Policy in War and Peace, (London, Allen and Unwin, 1958) p.21.

3. R.P. Dore, British Factory-Japanese Factory, (London, Allen and Unwin 1973), esp.pp.347-352.

2. The Board was also managerial/bureaucratic in that it tried to treat all types of worker as members of a homeogenous hierarchy. The tendencies towards such a pattern within the modern economy were noted in chapter two, and it is a further issue on which Dore's study of Japan has parallel conclusions.¹ The Board is an interesting example of an attempt at an intensification of that process. It followed the formal egalitarianism of bureaucracy in so far as it found it easier to deal with an occupation if its members could be regarded as part of a single category of 'employees'; and several of its substantive proposals led in the direction of that tendency.

3. It is also important to recognise the Board's insistence on the importance of managerial control and direction. But this managerialism was of a distinctive type. The NBPI had come to terms with the reality of organised labour, and stressed the importance of participation by unions and workers in the detailed exercise (though not primary principled strategic decisions) of this control.²

As MacGivering noted several years previously:

"As British manufacturing industry becomes increasingly dominated by managers who are organisation - or even industry - centred, rather than profit oriented, in the short-term sense, one might expect to see, for example, a marked shift in emphasis away from haggling over wage-rates in industrial relations to an endeavour to elicit 'co-operation from labour'."³ (authors' italics).

1. ibid., esp. pp.352-356.

2. Again, see Dore, ibid., esp. pp.358-367.

3. I.C. MacGivering et al, Management in Britain (Liverpool, at the University Press, 1960), pp.86,87.

The discussion in this and previous chapters has shown that it is not merely the rise of organisation-centred management which has fostered this trend, but the general position of labour in the economy. An important element in the Board's advocacy of participative control was its support for productivity bargaining. A final distinguishing characteristic of the Board was its association with Government. This has several implications:

- (i). First, the increased involvement of the state constituted a potential threat to the terms of the Compromise, and indeed to the whole process of institutional segregation traditionally associated with the stability of capitalism.
- (ii). Managerialist though the Board was, it necessarily conflicted with the preference of individual managements, and even managerial organisations, for autonomy in their labour relations, even if management had sought help from the state in reinforcing its sanctions against workers.
- (iii). As has already been stressed, the involvement of the state in incomes determination necessarily raises criteria of fairness and justice. The conflictual possibilities of this have been described, but it is important to note here again the limitations imposed by the fact that the Board's concepts of an appropriate pay structure could not move far from the amoral criteria of the market,

The notion of the just wage, however valuable rhetorically, has to be considerably diluted in its practical force. As Fogarty apologetically remarks:

"In short; the family living wage, as the traditional doctrine interprets it, is a will o' the wisp which floats always a little further ahead, an arm's length out of reach To insist on its pursuit is to encourage social discontent of that peculiarly dangerous kind which can never be remedied because its alleged causes can never be removed."¹

Or as Lockwood more cynically expresses a similar point:

"A perspective [on the fair wage] is possible in which its implications appear neither as preservative of existing conditions, nor as a basis for their rationally ordered change, but as a moral justification for opportunism in matters of income distribution. For the notion of a fair wage has the same ambiguity about it as any other general value principle in a complex society The claims for fair wages can, therefore, be seen as the elusive moral boundaries that are created by the rhetoric of a society where status no longer limits horizons and what one has a right to is simply equivalent to what one can get at the moment."²

The NBPI can reasonably be called managerialist because, as has been shown in this summary, it stressed the role of professional management in industry and adopted largely managerial criteria of pay determination. However, as noted in chapter three, managerialism does not comprise an entire strategy of domination, being capable of adopting a series of different techniques within various politico-economic contexts. In order fully to characterise the work of the

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1. M. Fogarty, The Just Wage, (London, Chapman, 1966), p.152.
 2. D. Lockwood, 'Arbitration and Industrial Conflict', British Journal of Sociology, Vol.VI, No.4 (1955), p.343.

NBPI we need also to give expression to the role of the state, to its use of moral suasion, and to its approach to trade unions.

When account is taken of this factor the Board's work can be interpreted as ^adistinct if limited move towards a statist or voluntarist corporatism. It is important to identify this corporatism as being managerialist, however, in order to distinguish its highly rationalistic formulation from more mystical traditional forms. In plotting the Board's detailed profile according to our framework of analysis it is possible also to draw on the conclusions reached in chapter four concerning the implications of productivity bargaining, since the Board leaned so heavily on this device.

Both in connection with productivity bargaining and on other issues the Board adopted an order as opposed to indulgence pattern of management, as the first part of this chapter has shown. As has been seen in the discussions of the NBPI's approach to unions, and again with respect to productivity bargaining, it advocated an involvement strategy, encouraging workers to share managerial perspectives in such exercises as job evaluation through a rationalistic ideology. It accepted a degree of pluralism by virtue of its acceptance of bargaining, but it is important to note the extent to which it sought to reduce collective bargaining to discussions within a framework imposed by management; a clear if semantic instance of this was its preference for the phrase 'productivity agreement' over 'productivity bargaining'. In effect, the Board (had it had sufficient power) would have limited bargaining to the initial establishment of the productivity agreement, after which managerial authority would have

proceeded unchallenged. A further point relevant to the pluralism dimension is the fact that the statutory powers which accompanied several stages of the incomes policy were a direct limitation on counter-vailing power. In its treatment of conflict the NBPI clearly marked a move towards a 'rights' as opposed to 'interests' model, since (unlike traditional arbitration bodies) it produced its verdict on issues based on the Government norm and the official incomes-policy criteria. (Of course, as has been noted in the detailed discussion of the Board's work, this ideal was not always maintained in practice.)

The Board was itself the agent of an activist and increasingly coercive state. The activism was highly developed, but though the degree of statutory force was unprecedented and the object of considerable controversy, it remained minor. The relevance of the active state is seen in productivity bargaining. As was noted in chapter four, there were only a few experiments in productivity bargaining before it was officially encouraged by the incomes policy. Thereafter it developed at considerable speed and in many different sectors, even if it changed somewhat in meaning in the process and eventually declined. This is remarkable in demonstrating how even a development which did not necessarily involve the intervention of the state in employer-employee relations was in fact dependent on that intervention for its growth and development.

As has been seen in the detailed discussion, the NBPI accepted an organised work force, both in its managerialist approach to a mass labour force organised in ranks and grades, and in its acceptance of a positive role for trade unions. As the discussion also showed, within this the Board did try to impose on unions a role supportive of management, again particularly through the instrument of productivity bargaining. In the incomes policy generally the Government also tried to pursue such a strategy by persuading the TUC voluntarily to vet pay claims. (The details and ambiguities of this exercise will be considered further in chapter 12). However, neither incomes policy nor the work of the NBPI can be seen as turning unions into creatures of the state; the policy worked with unions as they were already constituted.

This and the preceding chapter have produced considerable evidence on the NBPI's approach to pay determination. It adopted a particular combination of objectivism and ethical appeals as has been shown: in some ways it was highly rationalistic, treating pay as something which could be scientifically determined; but it went on to apply concepts of fairness and justice to the results of this scientific process. Clearly it sought administered as opposed to emergent patterns of pay structure, as the discussion of its preference for managerially determined pay structures over response to the market has shown; and the discussion of its preference for managerial determination over collective bargaining has indicated that it sought a systematic pattern of determination. Finally, the importance of the productivity criterion led to it stressing this means of advancing pay over redistribution, though there was a certain rhetoric of redistribution in the White Papers.

The corporatism of this overall strategy is indicated in Table 7.1. In drawing such conclusions it should however be stressed that we have so far only analysed what the ~~policy~~ ^{policy} was trying to do. We have not considered to what extent it succeeded in this corporatist strategy, or if it failed what were the forces which broke it. This task is attempted in chapter 12.

TABLE 7.1

The strategy of the NBPI

	<u>Corporatist</u>	<u>Non-corporatist</u>
A.1	Order	
A.2	Involvement	
A.3	Monism	But a degree of pluralism in reaching a productivity bargain
A.4	Rights	
B.1	Coercion	But level of coercion
B.2	Activism	very limited
C.1	Collectivism	
C.2	Heteronomy	
C.3		Social entity
D.1	Equity - defined in terms of	Objectivity
D.2	Administration	
D.3	System	
D.4	Growth	

CHAPTER 8

POLICIES FOR INDUSTRIAL RELATIONS REFORM

Incomes policy raised implications for several important dimensions of the Compromise and suggests the value of the model of corporatism (in its various forms) combined with managerialism in interpreting the changes which took place. But attempts at reforming the entire industrial relations system raise a wider range of issues, and during the period covered by this study this became a central political question. The relative freedom from legal restraint of British industrial relations law was a subject of occasional comment within industrial and Conservative Party circles from the mid 1950s onwards, though as will be seen in Chapter 11 Conservative Ministers dissociated themselves from such thinking for several years. When Conservatives (in Opposition) finally turned officially to strategies of this kind their thinking followed very strongly the lines already established during the debates of the 1950s, in particular as these had been brought together in the publication of the Inns of Court¹ Conservative and Unionist Society, A Giant's Strength.

Although important developments were to take place in the details of the policy, this document contains within it both the general mood and the particular policies which were to culminate in the Industrial Relations Act 1971. It therefore merits consideration in some detail. One striking characteristic of the pamphlet was the way in which it hovered between individualism and collectivism, between the assumptions of laissez faire and their repudiation. The pamphlet opened by dissociating true Conservatism from the

1. Inns of Court Conservative and Unionist Society, A Giant's Strength (London, the Society, 1958).

'doctrinaire logic' and amoral nature of laissez faire, and its false equation between the bargaining strength of the employer and the individual workman; and went on to discuss proudly the record of 19th century Tories in advancing the cause of organised labour.¹ However, it then immediately reverted to an ultimately laissez faire view of unions by regarding them as being especially privileged at law, privileges which result from the legislative protection of unions from what would otherwise be the opposition of the Common Law because of the laissez faire assumptions of that law.² A similar anti-collectivist perspective was revealed when the pamphlet distinguished the right to strike 'sharply' from the individual's right to withdraw his labour: 'the latter is a fundamental civil liberty, for it is that which distinguishes the free man from the serf. The right to strike is not of this nature: indeed, it frequently involves an infringement of individual liberty'.³ This attribution of what amounts to ontological privilege to individual as opposed to collective identity indicates the document's ultimate acceptance of a laissez faire ideology.

Collectivist and individualist assumptions exist side-by-side throughout the pamphlet. Apart from the initial acceptance of workers' need for organisation as a form of counter-vailing power,⁴ a consistent principle governed the pamphlet's treatment of the two rival perspectives: the main goal was to control

1. ibid, pp.9-11

2. ibid, p.11

3. ibid, p.17

4. ibid, p.9

and limit the power of labour, and whichever strategy better secured this was selected. For example, the control over the use of his labour which the above quotation acknowledged for the individual worker was not extended to the collective worker; unions' attempts to control working practices were condemned as damaging to the 'productive efficiency of the nation.'¹ Similarly, the main emphasis on workers' individual rights was in connection with their rights against their union, not against the power of employers.² As the pamphlet recognised at the outset, its main concern was not with a particular doctrine, but with power;³ and the perspective which was adopted throughout was that labour had now acquired too much power.⁴ In the difficult economic circumstances of the post-war world, the nation could no longer afford the luxury of counter-vailing power and unrestrained organised labour which the pamphlet considered to have characterised some earlier period of history:

'One thing is certain. In the second half of the twentieth century England faces very different industrial and economic problems from those that have prevailed hitherto, and under which trade unions have developed. No longer have we those great foreign assets which for many years provided a large part of the national income. No longer are we able to cushion the effect of bad times by drawing on the accumulated wealth of the past. We have spent all in the defence of liberty and in the creation of the Welfare State. Now we are face to face with the brutal facts of economic life. We must face acute and ever-growing competition in all the markets we have hitherto commanded.

'If we are to meet these challenges we cannot afford unnecessary internal disputes or restrictions in industry for such things gravely hamper our power to overcome our difficulties. Nor

1. ibid, p.28

2. ibid, ch. V.

3. ibid, p.7.

4. At one point unions are described as 'wielding greater power, perhaps, than any other organisation in the State save Parliament itself.' (ibid, p.59)

can we afford to waste our energies on the politics of envy or of class. The time has come when not humanity alone but our very existence demands justice in industry To obtain these things it may be necessary to question the validity of certain assumptions that have come to be very nearly articles of faith to trade unionists¹ the body politic will be made more healthy thereby

A Giant's Strength cannot therefore be analysed in terms of a 'return' to pure capitalism, or simply as a means of recovering 'order'. It marks an important shift in the whole strategy of domination. To determine the nature of the change, it is useful to examine its main arguments and proposals in the terms of our framework of analysis.

Employment relations: As a document produced by lawyers the pamphlet did not have much to say on the details of employer-employee relations. There is therefore little on the nature of managerial order, (though enough to indicate a concern to limit the disruption of industry²), and virtually nothing on the involvement/separation dimension. (The only point possibly of relevance here comes in a chapter on restrictive practices, when the authors faced the problem that the fear of unemployment is an important source of such practices; the problem was viewed as largely an 'educational' one to encourage the worker to 'realize where his long-term interest lies'³; this was seen as primarily a question for the unions to tackle. They also proposed giving men a month's notice of dismissal and possibly some voluntary redundancy-payment

1. ibid, pp.12-13

2. ibid, p.13

3. ibid, p.35

schemes as means of persuading men to accept redundancy. These devices all come in the category of welfare and propaganda devices which are important to involvement strategies.)

However, the document did devote considerable attention to the two remaining aspects of employment relations: monism/pluralism and conflict as rights/interests, since these were both areas where a legal perspective was relevant. The central source of pluralism (or counter-vailing power as it is termed here) was seen as the union's privileged position in law. The need for an element of this was accepted, but as some of the extracts quoted have shown, the main burden of the argument was to reduce its present extent. Although they never specified what the 'right' amount of counter-vailing power is, the authors were convinced that by the mid 1950s it had been exceeded:

'The problem is how to retain the right to strike while limiting its scope to the minimum necessary to give the worker sufficient counter-vailing power against his employer.' ¹

Most of the report's proposals for legal changes were designed to reduce the scope for the exercise of counter-vailing power: restriction of the right to strike to officially registered unions; ² all strikes to be illegal unless preceded by a public inquiry followed by 14 days' further 'cooling-off' period³; restrictive practices to be liable to action in the courts, where the onus of proof would be on the union seeking continuation of the practices.⁴ On the question of strike ballots (a frequent proposal for limiting strike action), the authors were impressed with evidence that this could in fact lead to strengthened

1. ibid, p.20

2. ibid, p.23

3. ibid, p.22

4. ibid, p.33

support for strikes and make them more difficult to terminate.¹ They therefore considered favourably a plan that provision might be made for strike ballots to be called only by members of a union seeking to end a strike which would otherwise continue.² The form of this last proposal in particular indicates that the central concern of these measures was not the internal democracy of unions, but attempts at limiting the exercise of counter-vailing power, primarily through the strike weapon.

However, it was precisely because the document accepted some role for pluralism and conflict that it placed considerable stress on the need for conflicts to be treated as matters of legal right rather than the reconciliation of interests. This appears in two major proposals: (i) that a tribunal should investigate any dispute before a strike could be called;³ and, more legalistically, (ii) that restrictive practices should be liable to court action.⁴ On this, the authors recognised that some restrictive practices might be 'justifiable' and therefore did not propose an outright ban; rather, an employer could take a union to court for maintaining a restrictive practice.

Role of the state: An active state was assumed by the authors as part of the context of the modern economy, as some previous points have shown. However, the main weight of their proposals in this area was much more one of traditional laissez faire. The major extensions in the role of the law which were proposed were largely in the realm of civil law - giving rights to sue unions to employers and aggrieved members - which is the classic area for the coercive but passive state.

1. ibid, p.23

2. ibid, p.43

3. ibid, p.22

4. ibid, p.33

One might query the extent to which in practice the state could maintain its passive position given the political controversy which measures of this kind would entail, but at the present stage we are concerned only with the policy intentions of the document, since it was several years before its policies became practical reality. Nevertheless, even at this level it is possible to see some hints of the activist state. While anxious to stress the need to avoid 'political' considerations in discussion of restrictive practices,¹ the authors considered the possibility that employers would be reluctant to refer workers' restrictive practices to the courts, and suggested that in that case the Attorney General might be empowered to take proceedings if it was considered that the practices in question seriously affected the national interest. It is significant that the Minister chosen was not, say, the Minister of Labour but the Attorney General whose role ambiguously hovers between the political and the strictly legal; however the notion of his intervening if the national interest were deemed to be threatened throws the whole question open to politics.

The organisation of labour: The pamphlet's acceptance of the collectivism of labour, and the ambiguities in this, have been noted. However, there was little concern in the document for rendering the unions as the instruments of employers as such. As has already been pointed out, the authors did not take much interest in the internal conduct of industrial relations, while proposals for making unions legally liable for the industrial behaviour of their members which were to predominate in later versions of these policies had not yet appeared; although the legal registration of unions was an important element in the pamphlet's proposals, this was not linked to requirements that unions discipline unofficial strikers. The

1. ibid, p.33

pamphlet had more to contribute on relations between unions and the state. As has already been discussed, because of the peculiar balance which the authors struck between a 'natural' individualism and a legally established collectivism, they saw unions as existing solely by state licence, and referred to the powers which they had 'been given'.¹ The tendency to regard unions as creatures of the state was strengthened in the proposals relating to registration. Only those combinations of workmen which had registered under the terms of the proposed new law would be permitted the existing immunities from legal action in relation to strikes and other activities.²

The state-corporatist undertones of this tendency came out most strongly, not in specific proposals, but in a concluding chapter called 'The New Estate'.³ Applying very literally a model of the estates of the realm (king, clergy, lords and commons), they outlined an idealised history whereby each had gained power and then abused it, until:

'... in the course of time it was, like a wild horse, tamed and schooled so that it could be used for a useful and worthy purpose without harm to any man. From the group liable to exert its strength in any direction, regardless of the country's good, it was converted into a constitutional force directing its energies into those channels the common weal demanded Thus did each estate come under the law'⁴

The unions, it was argued, had not followed the 'happy pattern' of the earlier estates but, given the new framework of law proposed,⁵ could soon take their place as a true estate of the realm under the law.

1. ibid, p.14

2. ibid, p.23

3. ibid, ch.VIII

4. ibid, p.52

5. ibid, p.53

There was nothing of substance in the document on pay determination, and this together with other areas of unconcern with the practical details of industrial relations renders its profile along the framework somewhat defective. With these exceptions, and granting also that the potentialities of the role of the state had not been fully explored, A Giant's Strength can be seen as marking a minor shift towards a corporatist strategy, despite its individual^{ist} rhetoric. Further, unlike the policies of the NBPI, the strategy of productivity bargaining and other corporatist developments which have been discussed here, this was not a particularly modern corporatism demanding the adjective 'managerial'. Rather, its lack of emphasis on detailed industrial relations together with the use of medieval models of estate society mark it out as the orthodox corporatism of European Conservative thought.

As has been noted, A Giant's Strength received no initial positive response from the Conservative Government, though an important section of Conservative opinion continued to press its policies. During the late 1950s and early 1960s the Government did experiment with various initiatives which might in some respects be considered 'voluntary corporatist': it sought tripartite talks in various industries with a view to reducing unofficial strikes, trying to persuade unions to take control of unofficial movements; and it devoted some attention to improving communications in industry.¹ But none of these developments had serious practical consequences which would justify describing them as challenges to the Compromise. By 1964, with the continuing refusal of the unions to co-operate with incomes policy, the Government did begin to turn its attention to

1. Ministry of Labour, Communications in Industry, (London, HMSO, 1956)

industrial relation law. As noted in chapter 1, the fact that the unions themselves were by then seeking a change in the law to reverse recent court decisions gave the Government the opportunity to open the question of law reform without committing themselves to a particular view. A major inquiry was announced, though no details were to be given until after the general election. The change of Government after the election had no effect on this overall strategy, and in 1965 the Labour Government appointed a Royal Commission on Trade Unions and Employers Associations under the chairmanship of Lord Donovan, the first Royal Commission on the question since 1906.

THE DONOVAN COMMISSION

Like many other Royal Commissions before it, the Donovan Commission provides one of those watershed points in history when groups involved in a major area of social action have the opportunity to state their positions, not on narrow or isolated issues, but on the entire structure and organisation of their activities in a context where practical action is expected to follow. It therefore presents us with an unusually explicit set of statements by significant social groups. As such it provides researchers with an extremely useful set of data. A disadvantage for research purposes is that the data 'freeze' a moment in time - a moment lasting three years in the case of the Commission - while the groups concerned may have changed their positions very shortly after the work was completed. This certainly happened where Donovan was concerned (in one case, that of the CBI, the position changed during the life of the Commission, though fortunately it is possible to pursue this in the Confederation's revisions to its statements). However, some of these shifts will be captured by the study of subsequent political developments, and this problem does not really affect the value of the Donovan material as a record of the positions of the groups concerned at a point in time when they were invited to contribute to the process of policy-making. Therefore, the evidence presented by important groups to the Commission will be subjected to particularly close analysis, in order to derive generalisations which may then be applied more widely to groups not subjected here to such a sharp focus.

The central questions behind this analysis will be the following: if there was a state of crisis surrounding the industrial relations

Compromise, what was the position adopted towards that Compromise by the various significant groups? And to the extent that these groups wished to move away from its terms, how might their preferred alternatives be conceptualised?

In the following chapter the evidence of the principal witnesses will be analysed in detail to provide concrete illustrations of the positions adopted. However, in practice much of the discussion before the Commission can be reduced to a limited number of proposals. These will now be summarily analysed according to our framework of industrial relations strategies. This will both demonstrate the terms within which the debate was conducted and make it possible for the discussion in chapter nine to refer to the points discussed here without further elaboration.

A. Positions advocating strengthened legal controls over labour.

A small number of important witnesses advocated various new legal sanctions to inhibit conflictual action by labour. Several of these can be traced back to A Giant's Strength. Certain corporatist elements can be traced in these positions.

I. Union registration: Several witnesses supported the proposal that conditions of registration of a trade union with the Registrar of Trade Unions should be strengthened to include more substantive controls on union action than the formal rules of existing provisions. Some advocated compulsory registration, while others would make registration a condition of unions retaining their existing legal immunities, leaving it to unions whether or not they chose this course. Some of the new conditions of registration proposed were concerned with the internal government of unions, covering such items as financial responsibility,

as had been the main concern of A Giant's Strength. But others explored further possibilities of the idea of a strengthened system of registration. They advocated conditions of registration which would define precisely the powers of a union to call strikes, and would prescribe disciplinary measures which unions must take against members striking (or advocating strike action) outside the scope of these powers. The precise nature of the proposals varied from witness to witness, and any important deviations will be discussed in the text.

This proposal involved a strong insistence on the need for order in industry, for it was invariably made in the context of complaints about growing disorder. It was also a proposal not only for increased coercive activity by the state in the introduction of the policy, but for its continued participation through its agent the registrar. It involved an essentially collectivist view of the work force, which was seen as organised in unions which had a responsibility to assist the maintenance of managerial authority (heteronomy) and which derived their powers and rights from the state. This last point should not be taken too far; no witness proposed the abolition of existing trade unions and their replacement by state-created bodies, and no-one suggested that union leaders be appointed by the state (though there was considerable criticism by proponents of registration of the large number of elected as opposed to appointed officers in British trade unions). However, the proposal that the legal position of existing unions be changed considerably so that they would only ~~retain~~ retain the immunities which made their effective existence possible if they submitted to state regulation of certain central rules must mark a shift in the direction of treating unions as creatures of the

proposal II, it was advocated by some that the state should assume the burden of prosecuting unofficial strikers directly. This relieved unions of the burden of controlling their own members, but brought the state into a more active engagement with industrial relations:

A.1	Order
A.3	Monism
B.1	Coercion
B.2	Activism

IV Employers' right to sue unofficial strikers: In a final variant of proposals for the control of unconstitutional strikers it was proposed that employers should have this power. This was simpler and less corporatist than either II or III, requiring no continuing liability for the state or unions but simply strengthening employers' existing powers. However, in so doing it threw the onus for taking controversial and conflictual action on employers. Most advocates of this proposal sought the power for legal action in the case of procedural agreements alone: they did not want the courts inquiring into the merits of the dispute. However, as transpired from the evidence of some of these witnesses before the Commission, it is difficult to secure such a rigid separation in practice. When this point is accepted, the proposal may also be considered to involve the treatment of conflicts as matters of legal rights:

A.1	Order	
A.3	Monism	
(A.4	Rights)	
B.1	Coercion	
B.2		Passivism

V State intervention in support of managements: In addition to the specific proposals above (II-IV) several other witnesses made

general appeals for state intervention of various kinds in order to support managerial authority, involving simply a demand for state activism and/or coercion to secure the interests of industrial order:

A.1 Order
A.3 Monism

B.1 Coercion
B.2 Activism or Passivism

VI Legal restrictions on workers' protective practices: The proposal that workers' protective practices should be liable to legal action was made by only a small number of witnesses, though it had also been among the original A Giant's Strength proposals. Its effect would be to render potentially illegal rules on working procedure which had been decided by workers rather than by employers (or joint bargaining). As such it involved both an insistence on order and a reduction in pluralism. It was rarely considered possible to make a blanket ruling that such controls could be illegal, but exceptions could be permitted according to various criteria and the matter would be resolved through judicial ruling. Conflicts were therefore treated as matters of rights rather than interests. As a new legal provision, the proposal clearly involved the introduction of state coercive powers, but whether or not state activism was involved would depend on whether the state or employers were seen as the authority taking the legal action.

A.1 Order
A.3 Monism
A.4 Rights

B.1 Coercion
B.2 Activism or Passivism

VII Legal measures to make strikes more difficult: In addition to the proposals already discussed which would make unconstitutional or unofficial strikes illegal in various circumstances, other proposals

sought generally to limit the use of the strike weapon, whether officially or unofficially. The main measures proposed were:

(i) for a statutory 'cooling-off' period to elapse before a decision to strike could be implemented and (ii) for ballots of all workers involved to be held before a union could call an official strike.

Both proposals implied an over-riding concern for industrial order and undermined unions' power of counter-vailing powers. They involved a new element of state coercion in enforcing the measures, and although the measures could be introduced as part of civil law, all advocates of them proposed that the government should be responsible for deciding whether a dispute was of sufficient importance to require imposition of a cooling-off period and/or a strike ballot. The proposal did therefore involve an active state role in industrial conflict.

A.1	Order
A.3	Monism
B.1	Coercion
B.2	Activism

VIII Incomes policy: Several witnesses included support for an incomes policy in their recommendations of action needed to reform industrial relations. The implications of this varied considerably, since different witnesses had very different conceptions of an incomes policy, and the existing policy was itself undergoing considerable change during the time that the Commission was taking evidence. It is therefore necessary to examine the terms and emphasis of individual statements. The implications of full-scale support for the kind of policy being pursued at the time by the

National Board for Prices and Incomes clearly had the detailed implications already spelt out in the conclusions of the previous chapter. In other versions the emphasis was more of a voluntarist corporatist kind, moving the weight of the policy from a state agency like the NBPI to national tripartite organisations agreeing on levels of permissible increases in income and imposing that agreement on their member organisations. The precise implications of a particular proposal will be discussed in connection with individual witnesses.

B. Proposals for non-statutory control by unions of their members:

Another set of proposals or positions either rejected or ignored a coercive role for the state but advocated non-legal changes which would give unions a disciplinary^{role} as in a system of private corporatism.

IX. Compulsory unionism as a means of discipline: Some witnesses supported the closed shop or other forms of 100% unionism on the grounds that only in such circumstances would unions be able to keep their members in check. If unions were called upon to discipline unofficial strikers without such a system they would lack the resources to enforce their discipline, for the strikers would simply leave the union. Under compulsory unionism, however, unofficial strikers expelled from their union would also be unemployed. This proposal was sometimes presented as representing a 'concession' to unions in exchange for their disciplining unofficial strikers.

Such a proposal involved a stress on order (since unions were called upon to support authority); a collectivist view of the workforce; with employees' organisations acting as supportive

of managerial authority:

- A.1 Order
- C.1 Collectivism
- C.2 Heteronomy

X Unions regarded as supportive of managerial authority: The particular proposal in IX was only rarely advocated, but much more general was the same overall view of the role of a collectivised work force. As such, a 'view' hardly constitutes a strategy because the steps to be taken to secure it are not elaborated. However, it remains significant as an attitude from which more precise policies might be derived. Its implications for strategy would be the same as in IX.

XI Need for unions to integrate their shop stewards: This was again an assertion rather than a proposal, and it was one which could differ widely in its implications. It could simply mean that unions should adjust their structures to take account of the realities of modern collective bargaining, in which case it would have no particular implications for the model. However, it was often used with the implication that the purpose of integration was to control and restrict the activity of shop stewards. It was then part of a general argument in support of increased order and reduced pluralism in industry, and also involved a view of unions as essentially supportive of managerial authority. It is an interesting example of how, in the context of modern conditions, a desire for restoration of the old pattern of liberal collectivism (national-level institutionalised bargaining) takes on a sharper

but statements of such opposition unaccompanied by particular proposals constitute simple assertions of managerial order and a rejection of at least certain forms of challenge to that order:

A.1 Order

A.3 Monism (at least where unofficial groups are concerned)

XIV Managerial authority through conflict: A more abrasive assertion of managerial authority was contained in the assertion that it was wrong to place too much stress on peace-making in industry, since often it was only through conflict that management could regain the initiative. The statement was usually intended as a criticism of the Compromise in the terms of the present analysis for an inadequate concern for order and to a certain extent for the limited degree of involvement which Compromise methods usually sought. In its acceptance of conflict this position accepted a degree of pluralism (provided the result was managerial order) and treated conflicts as matters of interests:

A.1 Order

A.2

Separation

A.3

Pluralism

A.4

Interests

XV Acceptance of both strong independent unions and strong management:

Similar in style was the view that management and unions should both remain strong and willing to exercise their powers on the assumption that order would result. This combined a stress on order as embodied in powerful management with acceptance of workers' counter-vailing power and an autonomously organised work-force:

A.1 Order

A.3

Pluralism

C.1 Collectivism

C.2

Autonomy

D. Concern for orderly payment systems:

Several statements were limited in their application to the need for more orderly payment systems.

XVI. Opposition to piecework: Some witnesses opposed piecework systems on the grounds that they were disruptive and gave workers too much autonomy in their work. There was also some concern that piecework did not represent true effort. These statements involved a stress on order and monism together with a concern that payment systems should be administered and systematic.

- A.1 Order
- A.3 Monism
- D.2 Administration
- D.3 System

XVII: Rejection of market forces as solution to labour shortages:

This position has already been encountered in the discussion of the NBPI in chapter six:

- D.2 Administration
- D.3 Monism

XVIII Support for orderly bargaining: In the face of the rise of fragmented bargaining several witnesses expressed concern at the disintegration of an ordered system, and either advocated a return to the supremacy of the national level or at least an accommodation between it and plant bargaining. Others again argued that only an orderly move to plant bargaining could re-establish order. These differences of emphasis did not affect the overall positions of these groups on the dimensions relevant to this study. To the extent that the debate was over which structure would be more useful in securing control over pay

determination, it was simply a debate over which institutional means would serve an agreed end. On some occasions however a preference for plant- as opposed to national-level bargaining marked a preference for ad hoc over systematic systems. In such cases the distinction between bargaining level is subsumed under that dimension.

XIX Reform of bargaining institutions: Several witnesses advocated voluntary changes in the structure of collective bargaining. Obviously, these could be very varied in their meaning, but of particular importance was the use of this proposal as a means whereby management could regain control over the work force specifically without recourse to legal supports. Often this was associated with the use of productivity bargaining under the formula of 'sharing control in order to regain it' examined in chapter four. Within the variations it was therefore possible to pick out the following attributes of these proposals: there was usually a stress on managerial order (except in those instances where the primary motive for making the proposal was as a device for discouraging attempts at legal reform). The productivity bargaining formula sometimes involved an involvement approach to the work force, accompanied by either monistic or pluralistic models depending on the particular form of the proposals. In some formulations the concern for orderly bargaining extended to the treatment of conflicts as issues of established rights. As noted, a predominant theme of the argument was the need to avoid coercive state involvement, but an active role might be envisaged for this state in introducing the reforms of labour was assumed. All such proposals evinced an administered, and most a systematic, model of pay determination. The scope for variation in this proposal means that

each case has to be inspected before its profile can be properly determined, but one striking formulation which was adopted by a small group of witnesses and in part eventually by the Donovan Commission itself was as follows:

A.1	Order	
A.2	Involvement	
A.3		Pluralism
A.4	Rights	
B.1	Activism	
B.2		Non-coercion
C.1	Collectivism	
D.2	Administration	
D.3	System	

E. From worker involvement to workers' unilateral power:

A series of different proposals or statements indicated different ways of articulating the relation of workers to the exercise of authority. These varied considerably in their implications for the framework.

XX. Involvement without power: Some groups expressed the view that steps should be taken to secure employee loyalty, morale and other forms of involvement, though without intending that this be accompanied by concessions of power-holding; frequently such expressions also involved a strong emphasis on the need for order:

A.1	Order
A.2	Involvement
A.3	Monism

XXI The communications approach: Some witnesses adopted a position which saw conflict in industry as essentially the result of 'poor communications', arguing that if management took steps to inform workers of its objectives and involve them in the identity of the company, many problems would be solved. This therefore involves

a rejection of pluralism and conflicting interests as well as a concern for involvement:

- A.2 Involvement
- A.3 Monism
- A.4 Rights

XXII Participation with order: Other witnesses took the view that the degree of order and obedience in industry could be increased if workers were enabled to share in decision-making and to participate in other devices which not only involved them but also enabled their exercise of some forms of counter-vailing power:

- A.1 Order
- A.2 Involvement
- A.3 Pluralism

XXIII Workers' participation: Some groups proposing an extension of workers' direct participation in management did so, not from a concern for the restoration of order, but primarily to assert workers' rights to challenge that order. Their emphasis was therefore on the need for flexibility in the exercise of order rather than on its rigour. Frequently such proposals implied a strong role for autonomous trade unions as the vehicles of this worker participation:

- A.1 Indulgence
- A.2 Involvement
- A.3 Pluralism
- (C.1 Collectivism)
- (C.2 Autonomy)

XXIV Workers' counter-vailing power: The claim for workers' participation (XXIII) was a somewhat novel one in the context of British industrial relations. More characteristic of trade-union demands was a concern for collective bargaining rights and other forms of negotiation sometimes with an explicit rejection of the increased involvement (and possible loss of independence) involved

in actual participation:

A.1		Indulgence
A.2		Separation
A.3		Pluralism
C.1	Collectivism	
C.2		Autonomy

XXV Workers' unilateral power: Although no witnesses before the Commission advocated workers' control of industry, several defended various forms of unilateral job controls, such as the closed shop, entry limitation and restrictive practices. These constituted an assertion of workers' power against management with similar implications as XXIV.

F. State support for workers' interests: Proposals for state intervention were not always made from the point of view of supplementing managerial power. Many proposals were made for the state intervening to support trade unions or the rights of individual workers.

XXVI Legal right of union recognition: A large number of witnesses proposed that workers should have a legal right to require their employer to recognise a trade union to represent them. This was another of the proposals made before the Commission which could be highly ambiguous, as was indicated not only by the variety of groups proposing it but also by the range of those opposing it. The proposal involved an extension of civil-law involvement in industrial relations, but it would not necessarily be coercion supporting the interests of domination. Indeed, it could well be an instance of state support for challenges to domination. On the other hand, a legal right to union recognition could form part of a strategy

of encouraging unions of a kind other than those generated by the work force themselves: unions receiving their power from the state and therefore having their role and powers defined by the state:

B.1 Coercion (but not necessarily of labour)
B.2 Passivism

C.1 Collectivism
(C.3 State entity - in certain forms of the proposal only)

XXVII State action to support unions: In addition to the specific proposal under XXVI several witnesses proposed various forms of state action to assist the position of unions. These rarely involved the same ambiguity or potentialities for a continuing state role in the regulation of unions as the former proposal; nearly all involved some attempt at strengthening workers' counter-vailing power through their union organisation. An important example of these proposals was the demand for the restoration of the Industrial Disputes Tribunal. Part of the post-war structure of industrial relations had been an Industrial Disputes Order under which either party in a dispute could seek arbitration if a satisfactory settlement could not be reached, the results of such arbitration being enforceable at law. In practice the system was used mainly by unions with less organisational strength; stronger unions did not feel the need for recourse to arbitration, while employers rarely used it since they claimed it would be impossible for them to take action against workers who struck against the terms of an arbitration award. The Order had been withdrawn in 1959 (see chapter 11). Such a proposal, in the context which had developed, was essentially a means of boosting workers' counter-vailing power.

It involved calling on the action of the state, but in a legislative not a continually interventionist, role. It did not imply acceptance of means of conflict resolution as a question of established rights; arbitration itself is not a matter of established rights, while the action in the courts to which parties could have recourse was simply a matter of enforcing the award of arbitration:

A.3	Pluralism
B.1	Coercion (<u>but</u> to strengthen counter-vailing power)
C.1	Collectivism
C.2	Autonomy

XXVIII State intervention for individual workers' rights: Several proposals were made for the strengthening of workers' rights against their employers. (There were also proposals for strengthening workers' rights against their trade unions; these come in a rather special category and are discussed in chapter 10 when the issue became important with the Conservative Industrial Relations Act.) Most important of these were proposals for legislation which would enable appeal by a worker against dismissal from employment on 'unfair' grounds. Sometimes the proposal was made in the context that this would reduce the number of strikes which occurred over dismissals, but frequently the proposal was simply an appeal for legislative action to secure increased counter-vailing power for workers and some sense of 'property rights' in their employment:

A.3	Pluralism
B.1	Coercion (but as in XXVII)

G. Trade unions as part of voluntary collective bargaining.

Some statement before the commission indicated general support for the role of trade unions, sometimes in the specific context

of collective bargaining, and laid special emphasis on the need for them to remain autonomous and voluntary.

XXIX Voluntarism in pursuit of the closed shop: In contrast with the view of the closed shop which saw it as a means of securing order (IX), several witnesses advocated it simply as a means whereby unions could increase their counter-vailing strength, and some placed considerable emphasis on this being achieved by voluntary means and without assistance from the state:

A.1		Indulgence
A.3		Pluralism
C.1	Collectivism	
C.2		Autonomy
C.3		Social entity

XXX Rejection of state assistance for unions in interests of autonomy:

Although some of the opposition to proposed state action to increase union strength came from a desire to support managerial authority, there were several cases where these proposals were opposed from a concern to maintain the autonomy from state control of unions and a general abstention of the state from industrial relations:

B.1		Non-coercion
B.2		Passivism
C.1	Collectivism	
C.3		Social entity

XXXI Opposition to legal restraints on unions and/or strikes:

The various proposals for state intervention to regulate and control unions and strikes (I-VI) were opposed by several witnesses. The implications of this opposition vary from case to case, but they tended to imply a lack of priority on the maintenance of order, concern for workers' counter-vailing rights, abstention by the state, and a belief in strong, independent unions:

A.1		Indulgence
A.3		Pluralism
B.1		Non-coercion
B.2		Passivism
C.1	Collectivism	
C.2		Autonomy
C.3		Social entity

XXXII Insistence that trade unions belong to their members:

Sometimes articulated as a rebuttal of views of the kind indicated in II, IX, X, some witnesses either stressed the difficulty or impropriety of unions seeing themselves in an essentially regulatory relationship with their members, or in other ways emphasised the need for members to have control over their unions. Sometimes this took the form of opposition to the centralisation of union structure and advocacy of local initiative:

A.1		Indulgence
A.3		Pluralism
C.1	Collectivism	
C.2		Autonomy
C.3		Social entity

XXXIII Stress on the right to strike: This classic affirmation of trade-union action involved an indulgency approach to industrial authority, assertion of workers' counter-vailing power, a concern for the expressions of conflicts of interest and advocacy of an autonomous collectivism of labour. Some instances of the argument were explicitly concerned to defend unofficial strikes:

A.1		Indulgence
A.3		Pluralism
A.3		Interests
C.1	Collectivism	
C.2		Autonomy

H. Defence of traditional collective bargaining institutions:

Finally, a series of statements expressed basic support for various

aspects of the traditional structure of voluntary collective bargaining.

XXXIV Collective bargaining as conducive to industrial peace:

Statements of this kind were usually made as part of an argument against the introduction of new controls and marked a defence of the established Compromise from the perspective of dominant interests. It is not a proposal so much as a claim that order can be pursued despite pluralism given the institutionalised nature of existing bargaining.

XXXV Concern at conflict between collective bargaining and modern

incomes policy: A small number of witnesses failed explicitly to resolve certain dilemmas because they felt poised between the virtues of traditional bargaining and the conflicts which exist between this and the imperatives of an interventionist incomes policy. Although such attitudes do not assist the unambiguous establishment of witnesses' positions, they are important in demonstrating the existence of this conflict.

XXXVI Support for voluntary collective bargaining: Although 25

witnesses expressed in some way their support for voluntary collective bargaining, the meaning of this statement and its extent varied considerably. In several cases it meant nothing more than a preference for non-intervention by the state. However, in its fuller versions it might go so far as to include either of the full profiles of liberal collectivism set out in chapter 3. The precise allocation of a group on this dimension must therefore be carried out by detailed inspection.

CHAPTER 9THE EVIDENCE TO DONOVAN

In all 64 organisations or individuals gave oral as well as written evidence to the Royal Commission. Of these ten have not been used. Four of these were witnesses from other countries discussing their own systems of industrial relations, and this study is concerned solely with the United Kingdom. The remaining six have not been used because they carried insufficient items of interest to the present study to make them worth while, usually being purely technical in nature. The statements made throughout the hearings by the members of the Commission themselves have also not been analysed, since it is often impossible to determine whether a Commissioner is stating his own view or just exploring the implications of views which he may not actually hold. The evidence which has been analysed includes four Ministries or departments of state; six employers' associations or other groups of employers; eight individual companies; three further groups of individuals associated with management; six public employers; 14 trade unions or fédérations of unions; five individual academics; five legal witnesses and three arbitrators.

It will not be possible to discuss the positions of all 54 groups in detail. Close consideration will be given to the most important - in the double senses of those groups with most political significance and also those which adopted particularly interesting, unusual or well articulated positions.

The positions of nearly all these groups were too subtle to enable them to be classified simply according to the various 'isms' distinguished in chapter three, but there was sufficient coherence to enable them to be separated into groups revolving around the following axial positions:

1. Managerial state corporatism.
2. Managerial voluntarist corporatism.
3. Liberal collectivism.
4. A small miscellaneous group, each interesting in themselves but not readily assimilable to any of even these broadly drawn categories.

Managerial state corporatism

No witness before the Commission adopted consistently and rigorously that position described in chapter three as state corporatist. One major source of divergence was that none of them advanced the mystical, traditionalist position so important to historical corporatism. Rather, they legitimated a highly rationalistic and growth-oriented managerialism. This has certain minor consequences for the resolution of the dilemmas, principally the elevation of rationalistic alongside moralistic doctrines of legitimation of inequality and a strong stress on economic growth. It is in recognition of this that it is being described here as managerial corporatism. The remaining sources of variation from the model are still substantial:

- (a). several witnesses, while holding most of the state-corporatist positions, did not take them to extremes, and balanced them by other statements expressing very different views, usually in support of liberal collectivism;
- (b). a few, while maintaining some simple statist positions and some private corporatist ones, did not match these together to provide a coherent state corporatism, though the overall impact of such a combination is both statist and corporatist;
- (c). a few witnesses entertained state corporatist positions in a highly tentative way, being unable to resolve the dilemma between them and liberal collectivism; and
- (d). a small but significant group adopted state corporatist positions within a rhetoric of market individualism.

The groups mentioned under (c) and (d) will be examined as separate sub-groups.

The profiles will be discussed in very rough order of their degree of state corporatism.

The National Board for Prices and Incomes:¹ Highly state-corporatist evidence was that given by Mr. Aubrey Jones, chairman of the NBPI. He was concerned to establish the role of the state as a major source of authority in a modern industrial relations system.² Asked by one of the Commissioners, Lord Tangle, at what point Government intervention became totalitarianism, Mr. Jones said that he did not know what totalitarianism was, but that state intervention was all right so long as it was in line with public opinion.³ The need for this intervention was based on a sense of economic crisis⁴ and concern at the changes in the balance of economic power⁵ brought about by full employment⁶ and other post-war developments.⁷ Obviously as the main agency of the Government's incomes policy the NBPI supported this policy strongly, and in the fully elaborated form.

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1. Royal Commission on Trade Unions and Employers' Associations, Minutes of Evidence, No. 51, National Board for Prices and Incomes (oral evidence only). (All subsequent references in this chapter are also references to the written or oral evidence to the Commission (London, HMSO, 1965-8).
 2. ibid., Q 8196 (D) and (G).
 3. ibid., Q 8252.
 4. ibid., Q 8196(G).
 5. ibid., Q 8197.
 6. ibid., Q 8196 (A)-(C).
 7. ibid., Q 8196(D).

Mr. Jones argued that the state of the economy was too precarious to permit a return to free collective bargaining and that the voluntary system needed to be buttressed by (i) a greater degree of co-operation between Government, CBI and TUC, and (ii) a reserve power by the state.¹ He saw the NBPI's work as analogous to that of the Monopolies Commission, with the added difficulty that unions were 'intertwined with a whole set of emotions and feelings about social justice in a way that the problem of business monopoly is not.'² He also said that the Government's maintenance of reserve powers would help increase the influence of the TUC and CBI over their members, while the opinions of the CBI and the TUC would underpin the legal power.³ This was seen quite explicitly as representing a challenge for traditional bargaining, but Mr. Jones had no hesitation in supporting the claims of the incomes policy.⁴ The corporatist tendencies of the evidence were strengthened by the advocacy of partnership in industry as a means of ending conflict⁵ and the assertion that unions should integrate their shop stewards in order to reinforce the degree of order and stability in industrial relations.⁶ In other statements Mr. Jones spoke frequently of the importance of fairness and equity in incomes policy⁷ and rejected "market" solutions to payment problems.⁸ Somewhat surprisingly, at this stage the NBPI

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1. ibid., Q 8196 (G).
 2. ibid., Q 8196 (I).
 3. ibid., Q 8196 (J).
 4. ibid., Q 8196(g), 8212, 8254.
 5. ibid., Q 8250, 8251.
 6. ibid., Q8199, 8250.
 7. ibid., Q 8212,8216.
 8. ibid., Q 8220, 8227.

was not placing the great weight on the role of productivity agreements as a means of securing increases and avoiding conflict which came to characterise its operations at a later stage; indeed, Mr. Jones was to some extent suspicious of the effect that productivity bargains could have in disrupting established systems of earnings.¹

It is also useful to introduce at this stage those conclusions on the detailed work of the NBPI which were reached in chapters 6 and 7 which have relevance to the present discussion. These indicate: the establishment of managerial authority alongside that of the state; a strong reliance on rationality as a legitimating principle; insistence on the need for managerial order, with some suggestions that there should be involvement by workers; an essentially collectivist view of the work-force, with unions functioning primarily to assist the operation of managerial criteria; a concern with both fairness and rationality in income determination; an administered and systematic approach to income determination; and a heavy emphasis on growth rather than redistribution as a source of increased rewards.

The Department of Economic Affairs:² This Government department adopted a similarly highly corporatist position, though with some ambiguities. It is interesting to contrast the evidence of this Ministry, created by the Labour Government in 1964, with that of the Ministry of Labour (a creation of the World War I period and associated throughout its history with the development of compromise and voluntary

1. ibid. Q 8224.

2. Minutes of Evidence No.18 Department of Economic Affairs.

collective bargaining). The DEA asserted the central role of the state in the economy as a whole, particularly in the context of tripartite planning at national level.¹ The justification of this role was not so much a sense of economic crisis as a strong emphasis on the need for faster economic growth, which would involve concerted action in the national interest from the state, management and unions.² The Department, which was at that time responsible for the incomes policy, asserted the importance of that policy very strongly, and with the same full emphasis as did the NBPI.³ Like the NBPI, the DEA also saw as important to the central co-ordination required by the incomes policy a greater control over shop stewards' activities by trade unions.⁴ It had some difficulty on the use of the fairness criterion in income determination, seeing it as problematic and seeking to defuse any emphasis on low pay in the incomes policy. Mr. Allen, Deputy Under-Secretary, told the Commission that the paragraph in the current incomes policy White Paper dealing with low pay had been a 'heavily negotiated' one which he did not expect to figure prominently in practice. He recognised the importance of equity considerations in wage bargaining and the impossibility of imposing from above a completely new system based on productivity bargaining.⁵

1. ibid, WE para.7.

2. ibid, paras.3,9; OE Q 2677.

3. ibid., WE para.7, 20,27.

4. ibid., WE para.21; OE Q 2640.

5. ibid., OE Q 2664-6.

Several other statements conflict with the tendency to state corporatism in this evidence. The DEA expressed support for the voluntary system of collective bargaining, and emphasised the importance of a normative consensus in achieving success for the incomes policy¹ (which implied a desire to restrict the level of state intervention). However, it is notable that these statements (unlike the corporatist ones) are not linked with proposals for action, but asserted in rather vague contexts as general désiderata. This is consistent with the view adopted here that state corporatist tendencies in modern Britain will take the form of movements away from support for collective bargaining; it is this process of movement that we can identify in evidence of this kind which starts from a position of support for collective bargaining and then makes proposals which move away from it. (Although it lies beyond the bounds of this chapter, it is reasonable to point out that shortly after the DEA gave its evidence to Donovan the incomes policy took on a far more statutory and interventionist form, marking a distinct set-back for voluntary bargaining the NBPI gave its evidence after the change in policy, and the effects of this may be seen in the stronger advocacy of intervention, the explicit criticism of collective bargaining and the sense of economic crisis found there). Finally, the absence of any comments in the DEA evidence which relate to several dimensions of the framework should be noted. This must restrict the confidence with which the Department can be labelled state corporatist.

1. ibid., Q 2628, 2632.

The Confederation of British Industry: In addition to its written evidence the CBI made two appearances before the Commission to discuss its evidence, and then returned on two further occasions to add new evidence. Since these two supplementary appearances took place at lengthy intervals through the life of the Royal Commission, they will be considered separately; it will be seen that in some respects the CBI's views changed over time as a response to its perception of outside events.

Taking first the Confederation's written evidence and its first two meetings with the Commission, the main authority source which it identified was management, both in direct terms and implicitly.² However, some acknowledgement was given to collective bargaining³ and the role of the state.⁴ Finally, there was an interesting difference of approach among members of the delegation before the Commission over whether or not the primary source of authority within industry was that of the shareholders and ownership or that of management representing "the interests of the company as a whole".⁵ Perhaps this rather complex pattern may be summarised as follows: the fundamental authority source was that of the employer, with some doubt as to his precise definition and the basis of his claim; this authority being

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1. Minutes of Evidence, Nos. 6 and 9, Confederation of British Industry (oral evidence) written evidence published separately in the Commission's volume Selected Written Evidence (SWE).
 2. ibid. WE paras. 74, 134, 176; OE Q 986-9, 994-8, 1526, 1551. A managerialist attitude to the internal organisation of unions was displayed in WE paras. 154, 161, 164, 167, 168; OE Q 981, 1168.
 3. ibid., WE para. 43.
 4. Largely in the context of incomes policy; ibid., WE paras. 70ff, 186.
 5. ibid., OE Q 990, 995-7.

supplemented in the face of the challenge of organised labour by the authority of the state and of collective bargaining as a source of stability.¹ The national interest was conceived in economic terms, and management's central role in this asserted.² The authority of management was further legitimated by its role as a neutral participant in social conflict, both in the dispute over ownership and more generally.³ In contrast, the exercise of unilateral trade union power was seen as abuse,⁴ while those who continuously challenged management were irresponsible troublemakers.⁵ Having identified and justified its authority source, the CBI depicted it as being, in some industries at least, in an embattled and vulnerable situation,⁶ needing the support of new power from the state.⁷

As part of its proposals for change the CBI placed considerable weight on the proposal for a new system of registration of trade unions which would not only have the effect of securing greater state control of unions but would make it possible to require unions to support and assist managerial authority:⁸

"Immunity would be confined to registered trade unions and conditions of registration would be introduced which would help unions in the proper performance of their functions, strengthen their protection against unofficial elements, and provide protection for individual members."

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1. ibid., WE para.69.
 2. ibid., WE paras.55,60,111,113; OE Q 1556.
 3. ibid., OE para.995.
 4. ibid., WE paras.77 ff, 157; OE Q 1578.
 5. ibid., WE paras.62,161.
 6. ibid., WE paras.59-61.
 7. ibid., WE paras.172 ff.
 8. ibid., WE paras.179 ff; OE Q 1575.

The Confederation also supported incomes policy but without extensive corporatist implications being drawn from this.¹ At this stage the CBI sought no further major legislative action, but it did make certain further voluntary corporatist statements. First, at several points it asserted that the role of unions was to supplement the authority of management² at one point implying in this resistance to workers' exercise of countervailing power.³ Second, it took a strong line on the need for trade unions to integrate and if necessary discipline their shop stewards in the interests of order:

"Most employers accept that shop stewards are necessary in the industries where they are now found. Their criticism is directed not against the system as such but against the failure of some unions to integrate shop stewards into union organisation and to exercise proper control over irresponsible stewards."⁴

The CBI also adopted certain more straightforward managerialist positions. It opposed unofficial strikes⁵ and supported the assertion of managerial authority through conflict.⁶ On payment systems, the Confederation was suspicious of placing reliance on market forces as a solution to labour shortages, stressing the need for management to keep control of pay structure.⁷ The CBI was concerned to assert the role of national level agreements as a central source of stability in pay determination.⁸ It also advocated the reform of collective bargaining

1. ibid, WE paras.70ff.

2. ibid, OE Q 981, 1578.

3. ibid, paras.179,180.

4. ibid, WE para.162 (also paras.61,168).

5. ibid, WE paras.60,120,133,172.

6. ibid, paras.55,57,69.

7. ibid, paras.91,92.

8. ibid, para.111.

institutions,¹ though this was of limited significance, being mainly concerned with the establishment of structure and order in pay systems.² On forms of involvement of the worker in industry the Confederation adopted positions consistent with voluntary corporatism, stressing the need to involve workers through such devices as "good communications" which did not involve power-sharing,³ and expressed its belief that there would be less conflict in industry if communications were improved.⁴

Finally, there were several points at which the CBI expressed its commitment to the "voluntary" system.⁵ However, it is interesting to note that these statements all took a residual form as an expression of the position away from which the Confederation was in process of moving. The commitment usually amounted to little more than a general resistance of detailed legal intervention in collective bargaining. But the only occasions on which the CBI invoked the principle of voluntarism to oppose specific proposals for intervention were in relation to proposals for legal intervention to strengthen workers' rights.⁶ The CBI did oppose one major proposal for legislation to strengthen the arm of employers, but only after carefully weighing the relative advantages and disadvantages.⁷ In its less systematic

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1. ibid. OE Q 1489-93.
 2. ibid., WE para.92.
 3. ibid., para.103.
 4. ibid., paras.95-101; OE Q 1501.
 5. ibid., WE paras.43,138,177; OE Q 981.
 6. ibid., WE Supplementary Memoranda IV, VI.
 7. ibid., WE, paras.172 ff.

comments, the CBI evidence included contributions to the following dimensions: rejection of a conflict model of industrial relations¹ acceptance of both "fairness" and "rational" approaches to income determination² and advocacy of the case that growth in incomes must result from increases in productivity³ though the CBI was extremely sceptical of productivity agreements as such because of their disrupting effect on pay systems.⁴

The general tenor of this evidence may be summarised in the following terms: (1) moving from a base position of support for collective bargaining and "voluntarism" the CBI asserted (2) the importance of a strong managerial authority in the face of the challenge from organised labour in a full-employment economy. It sought to buttress this authority by (3) certain elements of private corporatism, i.e. regarding trade unions as having a role in controlling their members in support of managerial authority and (4) by admittedly reluctant moves towards detailed state support for management through the rather state corporatist proposals of a detailed incomes policy and a new form of trade union registration. One major exception to the general pattern of movement was the sudden reversal to a model of laissez faire capitalism in the course of the oral evidence; but this passage is isolated from the main body of the evidence. The CBI appeared again⁵ before the Commission in February 1966 to discuss the specific question of whether contracts should become legally enforceable⁶ - a question left somewhat unresolved

1. ibid., OE Q 986-9.

2. ibid., WE paras.60,101.

3. ibid., paras. 94 ff, 146.

4. ibid., paras.91,92; OE Q 991.

5. Minutes of Evidence No.22, Confederation of British Industries (oral evidence only).

6. ibid., Q 3229.

in their previous evidence. They did not in fact fully resolve the question in this return visit, but they did develop further relevant evidence of their overall position. Since this was primarily supplementary it obviously does not give such a full account of the CBI's total position as the written evidence and first oral sessions. Nevertheless, it is valuable to examine the further contributions.

The authority tendencies were again primarily managerial, though this usually emerged implicitly.¹ Economic goals were again the primary source of legitimation,² and were also used to delegitimize certain activities of workers and unions.³ The CBI was also concerned for the weight of public opinion, and they saw evidence that this was becoming increasingly impatient of strikes;⁴ this led the delegation further in the direction of supporting legal intervention on the issue. They failed again actually to propose this, though now on pragmatic grounds rather than because of a commitment to voluntarism.⁵ However, they reaffirmed the state corporatist proposal for a strengthened registrar with the same intentions as before:

Mr. J. Davies, Director-General: 'It struck us that this was at the same time imposing an obligation on the union, but giving it a real advantage, because it has something to conserve, and it would reasonably say "If you put me in danger of losing my status as a registered union I shall be obliged to have some sanction"; and that would be one of the penalties.'⁶

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1. ibid., Q 3321-4.
 2. ibid., Q 3321.
 3. ibid., Q 3255, 3257.
 4. ibid., Q 3229.
 5. ibid., Q 3229, ff.
 6. ibid., Q 3280; see also Q 3257, 3282.

Mr. D. Taylor, Director of Labour and Social Affairs:

'The whole of our purpose is to strengthen the hands of the trade union against certain of its members in complying with these agreements. We believe that a higher standard of compliance with procedure agreements would be an enormous benefit.'¹

It increased the corporatism of this by linking it closely with the view that unions should have a disciplinary control over their members:

Mr. Taylor: '. . . primarily we would try to exert pressure on the union to keep its members in order rather than have direct penalties on individual strikers.'²

The commitment to voluntarism was in fact repeated in this evidence³ but in most contexts it was in a purely pragmatic sense. An additional point worthy of note was the CBI's fear of having workers and employers confront one another in court.⁴ The objection was not a laissez-faire objection to state involvement, because more detailed regulation was involved in the registrar proposal. The objection was on the grounds of the damage that would be done to industrial relations if employers were involved in litigation with their own employees. Paradoxically therefore the CBI preferred the greater degree of state involvement implied by the registrar and by incomes policy to the acquisition by employers of increased legal powers themselves; in other words, in their various proposals the CBI preferred both direct state control and indeed trade union control over the work force to

1. ibid., Q 3266.

2. ibid., Q 3290; see also Q 3255.

3. For example, ibid., Q 3292; but for an indication that this continued commitment was becoming heavily conditional on a response from the unions, see Q 3285.

4. ibid., Q 3292-7.

legal measures which would strengthen employers' own power. This constitutes a strong argument for identifying statist and corporatist strains in the CBI's evidence.

Finally, there was in the course of this evidence some discussion of the CBI's position on trade unions for white-collar employees. Given the general acceptance of unionisation for manual workers which emerges from virtually all the evidence presented to the Donovan Commission, it is valuable to note by contrast the possibility of an alternative position based on the notion of individualism and identity with the firm.¹

When the CBI made its final appearance before the Royal Commission in December 1967 the Commission was at the end of its sessions of taking evidence.² Again the CBI returned to develop their view on whether legal sanctions should be available against strikers in breach of procedure agreements.

Again the authority tendency of the evidence was primarily managerial, with management's role being defended on the grounds of its neutrality and scientific nature.³ Asked if he thought worker directors would have a bad effect on a company, Mr. Davies said:

"It is always dangerous to have a group on the board of directors who are committed to another purpose than the general one assented to by the board itself. That, for better or worse these days, is the long-term prosperity of the company. It is not necessarily so that these representatives are in fact identified with that purpose. There is a unified force as regards the rest, but not necessarily as regards these people."⁴

1. ibid., Q 3336, 3340, 3341.

2. Minutes of Evidence No.69, Confederation of British Industry (oral evidence only).

3. ibid., Q 11379, 11387.

4. ibid., Q 11398

Again various activities of trade unions were presented as against the public interest.¹ There was also a renewal of the debate which had taken place within the CBI delegation during their first appearance before the Commission on whether industrial authority was to be seen as primarily managerial or capitalist, with similar divisions as before.² Again also the CBI placed considerable importance on what they detected to be a movement in public opinion against strikes.³

The major innovation in this evidence was that the CBI now felt able unequivocally to support the proposal that employers should have the right to take legal action against unofficial strikers.⁴ They also repeated the importance of their proposal for the strengthened registrar.⁵ As in previous appearances these demands for state action were countered by statements of opposition to legal intervention in industrial relations, but again these consisted of either (a) generalised assertions of voluntarism⁶ or (b) opposition to legislation to strengthen workers' rights.⁷ Interestingly, they opposed legislation to give unions the right to recognition on the highly liberal and non-corporatist ground that this would lead to "artificial unionism".⁸ Similarly, they opposed the idea of worker directors on equally

1. ibid., Q 11241, 11245, 11432.

2. ibid., Q 11370-7.

3. ibid., Q 11241.

4. ibid., Q 11243.

5. ibid., Q 11242, 11432-11434.

6. ibid., Q 11241, 11242, 11361.

7. ibid., Q 11357, 11358; 11361.

8. ibid., Q 11325 ff.

liberal and non-corporatist grounds concerning the conflict of interest between unions and the company and the need not to compromise union officials¹. These statements contrast oddly with the opposite tendency of approaches to both unions and legal intervention when the CBI was considering means of re-establishing managerial authority.

Lengthy and strongly worded evidence urging similar proposals to those of the CBI was submitted by the Engineering Employers Federation², the body representing the largest industry in the country and one generally considered to have major industrial relations 'problems'. A notable item in this evidence was its view of union membership:

"The Federation agrees with the view that full employment has a considerable influence on the incidence of strikes in breach of agreement. Pressure is often applied to secure concessions, however unjustified they may be, and if, because they go on strike, men lose one job, they can easily get another. Further, they do not necessarily require to remain members of their union to get another job. This contributes to a general lack of discipline and responsibility in their actions."³

Evidence similar to that of the CBI and the EEF was presented by the Motor Industry Employers⁴ (an important group within the engineering industry), the National Federation of Building Trades Employers⁵ (representing the country's second largest industry), and the International Publishing Corporation⁶.

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1. ibid, Q 11368, 11391-4
 2. Minutes of Evidence No. 20 Engineering Employers' Federation (oral evidence); written evidence published separately in SWE, op cit
 3. ibid, WE para 25
 4. Minutes of Evidence No. 23, Motor Industry Employers
 5. Minutes of Evidence No. 16, National Federation of Building Trades Employers (oral evidence); written evidence published separately in SWE, op cit
 6. Minutes of Evidence No. 59, International Publishing Corporation

Several witnesses presented evidence full of ambiguities, which on the whole indicated¹ a tendency to move towards corporatist positions, but with reluctance because of an earlier attachment to alternative models, such as managerial liberalism or collective bargaining. Included here were: Massey Ferguson Ltd², a group of industrial relations journalists³, Professor B.C. Roberts⁴, the Institute of Personnel Management⁵, and Unilever Ltd. (In the case of this last the tensions were evident in different views taken by two groups of directors.)

The most important example of evidence developing corporatist positions from a laissez-faire⁶ base was the Inns of Court Conservative Society, which had produced A Giant's Strength. The evidence was similar to the earlier document,⁷ stressing the authority of law (rather than the state) and supporting the role of employers (at several points depicting the employer specifically as an individual person⁸).

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1. Minutes of Evidence No 25, Massey Ferguson (UK) Ltd
 2. Minutes of Evidence No 1, Certain Members of the Editorial Staff of Newspapers in the IPC Group
 3. Minutes of Evidence No 33, Professor B.C. Roberts
 4. Minutes of Evidence No 40, Institute of Personnel Management
 5. Minutes of Evidence No 46, Unilever Ltd
 6. Minutes of Evidence No 35, Inns of Court Conservative and Unionist Society
 7. ibid, OE Q 5682, 5731, 5738
 8. ibid, WE paras 65 ff, 99

Unions were delegitimated through their threat to the individual and his freedom.¹ Further implicit legitimation of the employer was seen in the fact that the challenge to individual freedom involved in the notion of industrial authority was not considered. There was a highly developed sense of crisis and of considerable disruption to industry being caused by irresponsible workers.²

Since A Giant's Strength the Society had apparently considered the detailed problems of industrial relations more closely, and the main result of this was to intensify the corporatism of the proposals. This was largely because the Society was now no longer confident that straightforward civil-law remedies alone would achieve the ends they sought; employers would be reluctant to sue their own workers, and unions may well choose not to co-operate with the revised registration scheme. There was still considerable concern to maintain the form of reliance on civil sanctions rather than intervene in the internal structure of organisations,³ but there were some important instances of the latter; in particular, the proposal for a strengthened system of registration was repeated,⁴ but with the added proviso that the terms of registration should specify exactly which body within a union had the sole right to call a strike.⁵ Also, even when reliance was placed on

1. ibid, WE, paras.25,49.

2. ibid, paras.7,41; OE Q 5746.

3. ibid, WE para.70.

4. ibid, paras.8,25,71; OE Q 5682,5732,5771.

5. ibid, WE para.71.

civil sanctions, these were now being deployed in a highly corporatist way. Employers would have the right to sue a union if it did not intervene to prevent an unofficial strike by its members, which intervention would need to involve disciplinary action.¹ To strengthen unions' powers in this respect they were to have the liability themselves to discipline unofficial strikers.² These measures considerably intensified the extent to which the law could be used to impose on unions a role supportive of managerial authority. Other corporatist proposals were carried over from the earlier document, such as the proposal that the substantive as well as the procedural aspects of collective agreements should be liable to legal jurisdiction;³ and that workers' restrictive practices should be liable to action in the courts.⁴ The evidence also evinced a strong concern for the importance of managerial order,⁵ and a general policy of urging state support for that order.⁶ However, the Society also advocated a legal right to union recognition⁷ and to protection against dismissal for the individual worker,⁸ though in each case partly on the grounds that this would reduce disputes.

As was the case with A Giant's Strength, the corporatist and statist elements in these proposals emerged strangely from a general philosophy of individualism. Trade unions were still seen as highly

1. ibid, para.79, Supplementary Memorandum.

2. ibid, para.79,80.

3. ibid, paras.29,31,85,86 Ch. VI passim;OE Q 5732,5793-5.

4. ibid, WE paras.29,31,94, Ch.VII passim.

5. ibid, paras.99,103.

6. ibid, para.38, Ch.IV passim (esp.para.43).

7. ibid, para.107, Ch.VIII, passim.

8. ibid, Ch. VIII passim (esp.para.96 ff).

'unnatural' from a legal perspective deeply shaped by the Common Law.¹ Combinations were only allowed to exist by a peculiar licence of statute, which fact then became an argument for tightening the rules of that licence. This led to the paradoxical position that, because a highly liberal stance was adopted towards the individual (seen as a 'natural' creature rooted in society²), a statist position was adopted towards the creature which was 'unnatural' and therefore had to derive its life from the state.³ It is noteworthy, therefore, that employers were referred to as individuals throughout the evidence, and appeared as organisations requiring similar restraints as unions in industrial relations only when they combined as employers' associations.⁴ The evidence also provided, in keeping with the liberal rhetoric, a version of voluntarism and a formulation of an essentially corporatist approach to unions couched in liberal terminology.⁵

Evidence on not dissimilar lines came from the Bar Council⁶ and the Law Society⁷ (in the former case with some internal disagreement, some members being more strongly favourable to free collective bargaining⁸). However, since these groups were anxious not to involve themselves in political controversy, the state corporatist tendencies were not strongly emphasised. It is however interesting to note

1. ibid, OE Q 5689, 5790-2.

2. ibid, WE para.56.

3. ibid, paras.7.8.

4. ibid, para.8; OE Q 5695,5743.

5. ibid, WE paras.6,84; OE 5682.

6. Minutes of Evidence No.43, The Bar Council.

7. Minutes of Evidence No.52, The Law Society (oral evidence); written evidence published separately in SWE, op.cit.

8. There were also notes of dissent from members of the group advocating policies more like those of the Inns of Court Conservative Society (one member of the group was also a member of that body).

the movement towards such positions from groups whose starting¹
point was the market individualism of the Common Law .

Finally in this sub-group came the Society of Independent²
Manufacturers , which as a group expressing the views of
businessmen dissatisfied with the CBI and large employers'
associations might be expected to assert market individualism
against the corporatist economy. The SIM did produce some
laissez-faire rhetoric, but several of their proposals involved³
major state intervention to control unions. The Society also⁴
took very seriously the concept of 'estates of the realm' ,
and adopted an interesting view of the role of unions, arguing
that employers should be able to 'call on a trade union to
help them with their labour relations, as they call upon a
broker to help them with their insurance'⁵ .

Marginally state corporatist positions were tentatively
supported by a few witnesses, who were on the whole too strongly
committed to the voluntarist system fully to endorse the new
model. It is interesting that this sub-group consisted entirely⁶
of public-sector employers: London Transport Board , British
Railways Board ,⁷ and the local authorities .⁸

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1. Minutes, No 43, op cit, para 6
 2. Minutes of Evidence No 32, Society of Independent Manufacturers
 3. ibid, WE paras 11, 12; OE Q 5092, 5095, 5097
 4. ibid, Q 5027, 5151
 5. ibid, Q 5027
 6. Minutes of Evidence No 5, London Transport Board
 7. Minutes of Evidence No 14, British Railways Board
 8. Minutes of Evidence No 60, Association of Local Authorities
in England and Wales, the Greater London Council and the
Local Authorities Conditions of Service Advisory Board

Finally, it is reasonable to consider here the Ministry of Labour,¹ a highly important witness but one whose evidence was extremely difficult to classify, mainly because so much of the Ministry's evidence consisted of the elaboration of a series of proposals with examination of their practical pros and cons with little evidence of whether or not the Ministry itself was urging or opposing their introduction. For example, the possibility of withdrawing legal immunity from unofficial strikes was considered at length, with the Ministry tending gently to argue for the rejection of the proposal on pragmatic grounds.² A similar discussion of the merits of measures to control official strikes, such as ballots and cooling-off periods, was also presented;³ and the possibility of requiring unions to penalise strikers in breach of contract was considered without either support or rejection being argued.⁴ One may interpret these passages as significant because they show that the Ministry of Labour considered that one of the items which must certainly be on the agenda of the Royal Commission was the practicality of imposing new constraints on organised labour; alternatively one may be more impressed by the tendency to argue, albeit subtly and pragmatically, against such proposals and instead therefore to re-assert voluntarism. Even when the Ministry was more explicit about its preferences, the evidence is still complex and ambiguous, since the

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1. Minutes of Evidence Nos.2 and 3, Ministry of Labour (oral evidence); written evidence published separately (London, HMSO, 1965)
 2. ibid, WE Memo II paras.15-20.
 3. ibid, paras.22 ff.
 4. ibid, paras.26 ff.

Ministry was careful to balance its statements and hedge them round with conditions. Nevertheless, this ambiguity, though it creates problems in interpretation, is itself part of the substance of the evidence. Such ambiguity was not found in the other two state departments considered: the DEA and the NBPI; this is indicative of the different roles in industrial relations of the two creations of the 1964 Government in contrast with that of 1917.

The evidence contains no clear identification of an authority source, statements being found which support the role of the state,¹ collective bargaining² and management.³ However, a clear economic definition of the public interest was established,⁴ which made possible the delegitimation of unofficial strikers⁵ and the identification of troublemakers among industrial workers.⁶ There was no attempt at defining a crisis situation, though the range and nature of the policies considered by the Ministry makes it clear that it accepted a general context of the need to "do something" about the power of organised labour, especially unofficial strikers.

No state corporatist positions were adopted, though as was mentioned above position II was discussed at length with no commitment for or against , and incomes policy was presented in a form with certain

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1. ibid, Memo I paras 36ff; Memo III para.18; Memo IV para 53.
 2. ibid, Memo I paras.107 ff.
 3. ibid, paras. 80,81,85; Memo II para.54; OE Q 554,652.
 4. ibid, WE Memo I para.90; OEQ 211.
 5. ibid, WE Memo I para.143,148; OE Q 329,566.
 6. ibid, WE Memo I para.66; OE Q 302.

corporatist overtones.¹ The Ministry was less equivocal in its adoption of the voluntary corporatist approaches to the relation between unions and their members,² though this was contradicted at a later point by the position that unions should be seen as belonging essentially to their members.³ The Ministry was concerned at the disruption of unofficial strikes;⁴ adopted a structured approach to pay structure,⁵ and took up the ambiguous proposals for the reform of bargaining systems.⁶ More ambiguity is found in the support both for corporatist forms of worker involvement⁷ and for the contrasting traditional trade-union approach to counter-bailing power.⁸ The Ministry advocated legislation to strengthen the positions of both individual workers⁹ and of trade unions.¹⁰ The existing bargaining system was praised for its contribution to industrial peace¹¹ and extensive support for voluntarism was expressed,¹² though the tension between this and modern incomes policy was accepted.¹³ Additional

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1. ibid, WE Memo I paras.90,93.
 2. ibid, WE paras.67,93-5,129,130,148,150; OE Q 328.
 3. ibid, WE, Memo I para.149; OE Q 211,456.
 4. ibid, WE Memo I paras. 143,148; Memo II, paras.15-20; OE 566.
 5. ibid, WE Memo I para.90.
 6. ibid, para.96; OE Q 243ff, 533ff.
 7. ibid, WE Memo I paras.145 ff
 8. ibid, paras.107ff,120; OE Q 388-91.
 9. ibid, WE Memo II para.71; OE Q 670ff.
 10. ibid, WE Memo II paras.41ff; OE Q 652.
 11. ibid, WE Memo I paras.121ff.
 12. ibid, para.121; Memo III paras.8,26; Memo IV paras.18,30ff,38. However, at OE Q 566 Sir James Dunnett, Permanent Secretary to the Ministry, said that the Ministry had reached its negative conclusions concerning the possibility of legal constraints on unofficial strikers;'with a great deal of misgiving.'
 13. ibid, WE Memo III para.21; Memo IV, paras.41-44; OE Q 460ff.

positions include acceptance of conflicts of interest in industry¹ and acceptance of fairness as a criterion of pay determination.²

Traditionally the Ministry has been seen as the epitome of the British industrial relations system, supporting compromise and voluntarism. Considerable evidence for the continuing importance of this in the Ministry's position is found in this evidence; a point which becomes particularly apparent when it is compared with that of the other two state departments of the same government which presented evidence. However, the Ministry's position was not simply one of a defence of the Compromise. As several of the points discussed have made clear the Ministry was aware of certain pressures on the existing system and accepted a general imperative of the need for increased order. Therefore, while also proposing changes which would strengthen unions, it adopted several positions which may be defined as voluntary corporatist. Any tendency to support the proposals for statist corporatism which it discussed were checked by the Ministry's strong commitment to voluntarism, but the voluntary corporatist approaches were more capable of being accommodated alongside conventional liberal collectivism.

1. ibid., WE Memo II paras.74-9.

2. ibid, OE Q 404.

Managerial voluntarist corporatism

Several of the more marginal witnesses which have been included under the small sub-group discussed immediately above shared several characteristics with this second main group. The decisive point of distinction is that all those in this second group rejected detailed state control as the remedy for what they identified as a loss of order in industrial relations. They accepted the state as an active partner in the reforms which they proposed - to that extent they were not private corporatists - but as a partner in a non-coercive role. Instead they sought mechanisms which would (1) bring about a greater sense of involvement in relations between management and workers and (2) make it possible for unions to act as supportive of managerial authority. It is the adoption of these positions, together with the strong stress on order, which imparted a corporatist element to the strategies of these witnesses, though it should be noted that on certain other aspects of the framework most of them maintained a strongly liberal-collectivist position (for example, the acceptance of pluralism). In fact, the position of most of the witnesses in this category can be described as moving from initial liberal collectivist stances towards corporatism. It is the direction of movement as much as the actual profile adopted which justifies considering them as a pressure for voluntarist corporatism, though the complexity and ambivalence of their detailed profiles should not be ignored. An important aspect of several in this group is their pre-occupation with 'voluntarism' (or an absence of a coercive state role) as the crucial element in liberal collectivism which they were defending. Sharing the concern for order of many of those who were advocating statist

solutions to the Commission, they offered a heavy degree of voluntarist corporatism as an alternative. The major mechanism which they considered would provide this alternative was the detailed reform of the bargaining system through productivity bargaining (position XIX in chapter 8). As has been discussed in chapters 4, 6 and 7, productivity bargaining involved a corporatism (whether statist, voluntarist or private) with an essentially rationalistic, growth-oriented character. Like the state corporatists these witnesses did not adopt the more romantic form of traditional corporatism. Although this group of witnesses was small, it was important in that, as will be seen in the following chapter, it was a major influence on the Donovan Commission itself. This is particularly true in the case of the central member of this group of witnesses, Mr. Allan Flanders,¹ whose evidence will therefore be discussed in detail.

The central authority tendency supported by Flanders was that of collective bargaining itself,² though the authority of the state³ and of management are also accepted.⁴ The national interest is associated with economic progress,⁵ which is seen as being threatened by the current state of industrial relations.⁶ The evidence therefore contains a sense of crisis and depicts authority as embattled. He

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1. Minutes of Evidence No.62. Mr. Allan Flanders (oral evidence); written evidence published separately in SWE, op.cit.
 2. ibid, WE pp.544-8, 562 ff; OE Q 9080 ff.
 3. ibid, WE pp.544, 558,569; OE Q 9925, 9926,9935.
 4. ibid, WE pp.551,554,576,577; OE Q 9897,9957,9958.
 5. ibid, WE pp.543,574.
 6. ibid, pp.543,548,571; OE Q 9956.

supported a moderate interpretation of incomes policy,¹ adopted **private** corporatist positions on the relation of unions to managerial authority² and to their shop stewards.³ He opposed unofficial strikes,⁴ and advocated managerial authority through conflict.⁵ He argued that if shop stewards were involved in the negotiation of agreements:

" . . . they will also discipline their dissident groups, because they will not want to see the institutions they have helped to create ruined, any more than trade unions have liked to see the institutions that they have created being ruined by dissident minorities."⁶

Central to his evidence was a fully elaborated version of the 'reform of bargaining structures' argument,⁷ which was closely related to the formula of using productivity bargains as a means of securing managerial order through the involvement of the work force;⁸ this proposal, which appeared in the evidence of several witnesses, realised its fullest expression in Flanders's statement. His concern for involvement was also evident in his opposition to piecework:

"An even more fundamental objection may be raised against piecework in the context of modern industrial organisation: that it is inconsistent with an enlightened view of the relationship between the worker and the organisation which employs him.

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1. ibid, WE pp.558,567,ff; OE Q 9920.
 2. ibid, WE p.571; OE Q 9917, 9956.
 3. ibid, OEQ 9953.
 4. ibid, Q 9956.
 5. ibid, WE p.543.
 6. ibid, pp.543,544,551.
 7. ibid, pp.552-5,571,574; OE Q 9895,9901,9913.
 8. ibid, WE 555,572,574-7; OE Q 9963.

It invites groups of workers to set up their own stall and act as groups of marketeers within the enterprise, to use their bargaining power to sell their efforts for the best price they can get without regard to the effect of their action on the organisation as a whole. Yet an enterprise is meant to integrate the work of all its employees. When their system of payment is such as to structure their behaviour towards disintegration it is futile to preach loyalty and co-operation."¹

He advocated various measures for strengthening the position of unions and individual workers;² ^{and} placed particular weight on the maintenance of voluntarism,³ which was used with a variety of implications; sometimes referring simply to an absence of detailed state intervention, at others to imply support for independent unions ^{or} just for trade unions and organisation in general. Additional positions include^d: acceptance of conflict;⁴ acceptance of the fairness criterion, together with a systematic approach to pay determination,⁵ but contrasted with this were support for an objectivist and an ad hoc approach to pay⁶; and the position that increasing productivity is the most appropriate source of increases in incomes.⁷

An important point about this evidence is that it shared the 'crisis' view of industrial relations usually associated with the state corporatist positions, but avoided the conclusions normally drawn

1. ibid, p.574; see also pp.551,552.

2. ibid, p.559,562,564; OE Q 9905.

3. ibid, WE pp.546-8, 557,567,578; OE Q 9979.

4. ibid, WE p.543.

5. ibid, WE pp.568,569.

6. ibid, p.575.

7. ibid, p.567.

from that starting point; indeed in contrast asserted particularly strongly the value of voluntarism and collective bargaining. This position was made possible because of a confidence that the scope for increasing productivity, together with that for restructuring bargaining, could accommodate both strong unions involved in bargaining and a re-established managerial authority. However, the form of this restructuring was such that it involved a distinct move to corporatist positions on certain dimensions, the central formula being that, given institutional changes and productivity bargaining, workers' power could be co-opted to the support of managerial objectives. In this way elements of corporatism could be reconciled with continuing liberal collectivism. The formula of achieving agreement out of conflict through institutional mechanisms and shared understandings is not in itself novel, but indeed central to the Compromise; what is novel is the increased corporatism of the institutions concerned.

Evidence on similar lines was given by Philips
¹ Industries , ² Esso Petroleum . ³ Mobil Oil Co Ltd , Mr John
⁴ Garnett, director of the Industrial Society , and two
⁵ industrial managers .

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1. Minutes of Evidence No 28, Philips Industries
 2. Minutes of Evidence No 39, Esso Petroleum
 3. Minutes of Evidence No 49, Mobil Oil Co Ltd
 4. Minutes of Evidence No 7, Mr John Garnett
 5. Minutes of Evidence No 47, Mr R. O'Brien and Mr A.J. Nicol

Liberal collectivism

This is the position of continuing support for the Compromise. However, this is not a simple position because, as has been stressed, an essential feature of the Compromise is that it can be interpreted with different shades of emphasis. Roughly speaking, four different sub-groups can be identified here:

- (i). those adopting fairly unambiguously the position defined in chapter 6 as the Compromise with trade-union emphasis. Included in this and quite compatible with it is the advocacy of limited state intervention to strengthen workers' rights against employers;
- (ii). a more diffuse group similar to (i) accepting varying degrees of accommodation to either state intervention or a managerial interpretation of the Compromise;
- (iii). A small group adopting the managerial emphasis of the Compromise, leaning towards certain elements of voluntary corporatism;
- (iv). a distinctive small group consisting of men and institutions which played important roles as arbitrators and conciliators under the Compromise. Although their evidence covered only a few elements, it has been included to show the position of those who in a sense embodied the Compromise.

Sub-group (i)

Very representative of this group was the evidence of the Transport and General Workers Union,¹ and since this is the largest union in Britain its evidence will be discussed in detail.

The authority source which it most willingly recognised was that of the collective bargaining process,² with particular emphasis on the role of trade unions within this.³ The evidence was striking not only for its lack of positive recognition of management's role, but also for its criticism of management's share of incomes.⁴ However, a highly implicit acknowledgement of management appears in the union's recognition of the possibility of professional management.⁵ It also accepted the idea that workers can be "irresponsible" in the pursuit of unofficial disputes.⁶ An economic concept of the national interest was defined in such a way that it stressed the role of trade unions and their members;⁷ the role of unions was further legitimated by their wider "social" activities.⁸ The evidence contained no sense of crisis or urgency.

The TGWU gave strong support to voluntarism in industrial relations, opposing state intervention to restrain strikers:

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1. Minutes of Evidence, No.30, Transport and General Workers Union.
 2. ibid, WE paras.36,54,104,163,201; OE Q 4484.
 3. ibid, WE paras.3,8,9,13,32,37,154,202; OE Q 4616.
 4. ibid, OE Q 4484,4546,4553.
 5. ibid, WE para.163;OE Q 4525.
 6. ibid, OE Q 4634.
 7. ibid, WE paras.9 ff.
 8. ibid, paras.16ff.

Mr. Jones, Acting Assistant General Secretary:

". . . it sounds very much like a Fascist complex, wanting to impose very severe restrictions on trade unions and the rights of men to freely establish trade unions."¹

Elsewhere it supported traditional aspects of trade unionism and collective bargaining, such as: the contribution of bargaining to industrial peace,² the right to strike³ (including unofficial strikes⁴) and the right to pursue the closed shop.⁵ It did advocate state intervention in order to strengthen the rights of individual workers⁶ and of unions.⁷ It asserted workers' need for institutions of countervailing power⁸ and for non-participative means of sharing power with management:

"It is not our opinion that profit-sharing and co-partnership schemes have any appreciable effect on relations between management and employees, except in so far as [they] are used . . . as a means of inhibiting freedom of action on [the workers'] part."⁹

It also defended restrictive practices¹⁰. On pay structures it preferred ad hoc local agreements.¹¹ The TGWU was opposed to the

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1. ibid, OE Q 4665; see also WE paras 3,154,192; OE 4624,4631.
 2. ibid, WE para,36.
 3. ibid, para.154.
 4. ibid, paras.155,159; OE Q 4631.
 5. ibid, WE paras. 9,32; OE Q 4583.
 6. ibid, WE paras. 79,184-91, 201-3.
 7. ibid, paras.182,204; supplementary memorandum, Disclosure of Information with relation to Undertakings with whom Trade Unions are in Negotiations; OE Q 4627, 4693,4696.
 8. ibid, WE paras.9,154.
 9. ibid, para.102; see also para.37.
 10. ibid, para. 244. (However, they were prepared to criticise the entry controls of the craft unions (the TGWU not representing craftsmen) - OE Q 4537.
 11. ibid, OE Q 4532.

Government's incomes policy and therefore did not have even a minimal concept ^{of this} position,¹ but claimed that were a fully planned economy to exist it would then be willing to support the planning of wages.²

Additional points include: the separation of workers from industrial authority;³ a pluralist model of industrial power;⁴ including acceptance of conflict⁵; advocacy of the concept of fairness in pay determination;⁶ and use of both productivity and redistribution as means of securing increased incomes.⁷

An important feature of the TGWU's evidence was its stress on productivity bargaining, which the union had made an important part of its strategy during incomes policy. However, that this was not intended as an alternative to a redistributive approach is clear. Similarly, it was not employed (as in some of the other evidence which has been reviewed) as an argument for management regaining control of its workforce.

The evidence of the TGWU is a classic example of liberal collectivism as it has been defined here. Accepting neither the paramountcy of managerial authority nor that authority was in a state of crisis, the union did not feel moved to shift from this position except on two

1. ibid, Q 4520, 4521, 4546-53.

2. ibid, WE para.3.

3. ibid, para.102.

4. ibid, para.41 ff, 140.

5. ibid, para.54,55.

6. ibid, OE Q 4520,4577.

7. ibid, Q 4524-9,4538, 4544,4520,4553,4562,4577.

minor counts: first, the use of productivity bargaining as a means of securing its ends without head-on collisions during incomes policy; and second, the formula that the planning of wages could be accepted within an overall planned economy.

Essentially similar evidence was presented by the Draughtsmen and Allied Technicians Association,¹ the Association of Supervisory Staffs, Executives and Technicians,² the National and Local Government Officers Association,³ the National Federation of Professional Workers,⁴ the General Federation of Trade Unions,⁵ the Haldane Society⁶ and Professor K.W. Wedderburn.⁷

The GFTU was remarkable for providing the most pure expressions of liberal collectivism to appear before the Commission. It even opposed state intervention to strengthen the position of unions, on the grounds that this might compromise their independence.⁸ Professor Wedderburn's evidence was notable in that he challenged more persistently than any other witness the assumptions of managerial

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1. Minutes of Evidence, No.36, Draughtsmen and Allied Technicians Association.
 2. Minutes of Evidence, No.53, Association of Supervisory Staffs, Executives and Technicians.
 3. Minutes of Evidence No.26, National and Local Government Officers Association (oral evidence); written evidence published separately in SWE, op.cit.
 4. Minutes of Evidence No.27, National Federation of Professional Workers (oral evidence); written evidence published separately in SWE, op.cit.
 5. Minutes of Evidence No.58, General Federation of Trade Unions
 6. Minutes of Evidence No.56, The Haldane Society.
 7. Minutes of Evidence No.31, Professor K.W. Wedderburn.
 8. Minutes No.58, op.cit., paras.9165-9172.

authority. It is perhaps significant in this respect that he clashed with members of the Commission on questions of basic assumptions and values more often than any other witness to appear before it.¹

Professor Wedderburn also produced the clearest single statement of the commitment of trade-union interests to liberal collectivism:

"In effect, extensive legal regulation of collective economic pressures must be to a greater or lesser extent an attempt to determine in advance the strength of the parties and the outcome of the bargaining. The merit of a legal system which aims to abstain from direct control of the economic strength of the collective parties, is that it allows more easily for social change, and makes fewer assumptions about the distribution of wealth and property."²

Sub-group (ii)

The most important witness in this category was the Trades Union Congress,³ though in fact the elements of acceptance of state and managerial power are very slight here. The central authority tendency of the evidence is that of collective bargaining.⁴

Managerial authority was not rejected, but the TUC produced an interesting argument which undermined the status of management as a separate group within industry. It argued that management did not so much comprise a distinct social category as an element in the work of every employee in industry.⁵ This was used partly to combat the argument raised by

1. Minutes, No.31, op.cit; for example, OE Q 4764-8, 4899,4902-7, 4926 ff.

2. ibid, WE para.39; see also paras.8, 56-82; OE Q 4879.

3. Minutes of Evidence, Nos.61 and 65; Trades Union Congress (oral evidence); written evidence published separately in SWE op.cit

4. ibid, WE paras.84,86,99,125.

5. ibid, paras.278,284.

several managerial groups that employees having some relation to management functions should not be able to join trade unions,¹ and partly to stake a claim to increased worker participation in the management of industry. The TUC defined the national interest in terms of the welfare of workpeople,² and did not accept the view that there was a crisis in industrial relations. The state was given a legitimate but limited role in industrial affairs.³

The TUC's evidence demonstrates considerable reliance on voluntarism, which was elaborated in detail;⁴ concern for reducing state intervention in industrial relations was taken to the extent of opposing a legal right to trade union recognition on the grounds that this might compromise the autonomy of unions from the state:

"The fact that trade unions in Britain have succeeded through their own efforts in strengthening their organisation and in obtaining recognition, not relying on the assistance of the Government through legislation, is one of the most important factors sustaining their strength and independence. Trade unions have not been given privileges; they have fought for what they have achieved."⁵

However, the TUC did make compromises with some challenges to traditional collective bargaining: it accepted the dilemma between incomes policy and traditional arbitration⁶, thus acknowledging a role

1. ibid, para.277.

2. ibid, paras.102,158,178; OE Q 9788,9790.

3. ibid, WE paras.163,167,179,214ff; OE Q 9782.

4. ibid, WE paras.86,90,174,218, OE Q 9782.

5. ibid, WE para.308; see also OE Q 9732 ff; 10366-99.

6. ibid, WE paras. 176,179,180,200.

for policy if in a weakened form.¹ At one point the dilemma between pluralism and state intervention in general was stated with striking explicitness.² The TUC defended unofficial strikes³ asserted the view that unions belong essentially to their members and defended the closed shop.⁴ It opposed legislation to control strikes,⁵ while resisting statutory help to unions as noted, it did advocate legislation to support the rights of individual workers.⁶ The TUC defended the exercise of unilateral control by workers,⁷ but as noted in passing above, it also advocated experiments in workers' participation in management.⁸ This was a strikingly novel position for the TUC, which had hitherto opposed such developments, and it was not a demand echoed in the evidence of many of its constituent unions. On pay and bargaining structures, the TUC adopted a version of the proposal for bargaining reform,⁹ and a highly structured view of systems of pay determination.¹⁰ Finally, at one point it accepted the voluntary-corporatist view of unions that they must integrate their shop stewards,¹¹ though whether this was accepted as implying disciplining and controlling them was left ambiguous.

1. ibid, para.214 ff; first supplementary memorandum, passim.

2. ibid, WE para.163.

3. ibid, para.439.

4. ibid, paras.442,471ff; OE Q 9856, 10309.

5. ibid, OE Q 9703.

6. ibid, WE paras.340ff; OE Q 9871-7, 9880-3 ff;

7. ibid, WE paras.90,323.

8. ibid, paras.82,84,118,284.

9. ibid, paras.255-83; OE Q 10530.

10. ibid, OE Q 9871 ff.

11. ibid, WE paras.249ff; OE Q 9840,9846.

Additional points included the following: support for autonomy of trade unions;¹ acceptance of a conflict view of industrial relations², use of fairness as a criterion in incomes distribution;³ and support for both productivity and redistribution as means of increasing incomes.⁴

Overall this evidence provides valuable statements of all the major liberal collectivist positions . But there are certain important exceptions related to (a) the demand for workers' participation, (b) acquiescence in incomes policy, and (c) a degree of acceptance of a disciplinary role of unions over their members. These points impart small elements of both statist and voluntary corporatism to the TUC's position. This may perhaps be explained in terms of the particular pressure placed on the TUC, as the central national representative body, by the state and the CBI to participate in interventionist and corporatist policies. Further, the TUC was more aware than some of its member unions of the dangers to the unions' traditional position being posed by some of the evidence to the Royal Commission, and an effort was therefore made to make certain compromise adjustments. Therefore, in order to retain as much as

1. ibid, paras.84,87.

2. ibid, paras.86,87.

3. ibid, paras.104,105,159,191-5,217; first supplementary memorandum.

4. On productivity: ibid, WE para.206; on redistribution, paras. 105,195.

possible of liberal collectivism the TUC responded slightly to the pressures of other institutions in the industrial relations system.

The country's second-largest union, the Amalgamated Engineering Union¹, gave rather confused evidence probably reflecting the delicate balance of left and right factions within the union. At certain points it defended liberal collectivism powerfully, but at others it accepted a large role for the state and a disciplinary role for unions. This last emerged strikingly in its case for the closed shop:

" [If the closed shop were granted, unions] would probably agree to outlaw for ever unofficial strikes.....In these circumstances, the unions would have more power to discipline their members - for with expulsion the ultimate sanction leading to the loss of a worker's job would be more than a sufficient deterrent to an individual thinking of ignoring his Union's advice."²

Other evidence which combined a trade-union interpretation of liberal collectivism with acceptance of a state role generally considered inimical to it included: the Fabian Society³ (which saw no tension between union freedoms and state intervention); the National Union of Railwaymen⁴; the Union of Shop, Distributive and Allied Workers⁵; the National Union of General and Municipal Workers⁶; the Electrical Trades Union⁷; and the Society of Labour Lawyers⁸.

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1. Minutes of Evidence No 24, Amalgamated Engineering Union
 2. ibid, page 936; see also OE Q 3545-9, 3551, 3552
 3. Minutes of Evidence No 55, Fabian Society
 4. Minutes of Evidence No 17, National Union of Railwaymen
 5. Minutes of Evidence No 29, Union of Shop, Distributive and Allied Workers
 6. Minutes of Evidence No 42, National Union of General and Municipal Workers
 7. Minutes of Evidence No 57, Electrical Trades Union
 8. Minutes of Evidence No 63, Society of Labour Lawyers

Sub-group (iii)

This group is small, and with one exception the evidence given by each was slight. The only one of substance was that of ¹Mr C. Grunfeld, reader in law, which marked a further development in the acceptance of elements normally considered hostile to liberal collectivism alongside general support for that position. The others were all nationalised industries: ²National Coal Board, ³Gas Council, and ⁴Electricity Council.

Sub-group (iv)

⁵The Registrar of Friendly Societies, part of whose office would have acquired a major new role under most of the state-corporatist proposals, showed a marked support for the ⁶voluntary system and for the autonomy of unions from the state ⁷. However, his evidence was slight on issues relevant to the ⁸present study as was that of the three arbitrators. It was to one of the latter that a Commissioner addressed a significant question:

Mr Shonfield: ".....you could argue that one of the weaknesses of the country....is coming to compromises, and that we are altogether too adept at doing the job you are doing, and that it may be being a bit more insistent on explicitly stating the conditions for wage awards might mean that ⁹we could have a more productive economy."

In general, the three arbitrators placed considerable weight on the separation of the authority of the state from that of the process of income determination, and on the

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1. Minutes of Evidence No 12, Mr C. Grunfeld
 2. Minutes of Evidence No 4, National Coal Board
 3. Minutes of Evidence No 11, Gas Council
 4. Minutes of Evidence No 21, Electricity Council
 5. Minutes of Evidence No 8, The Registrar of Friendly Societies (oral evidence); written evidence published separately (London, HMSO, 1965)
 6. ibid, WE para 35; OE Q 1429, 1430
 7. ibid, WE paras 5, 7, 33-5
 8. Minutes of Evidence No 44, Professor D.J. Robertson; No 45, Sir Roy Wilson; No 50, Sir George Honeyman
 9. Minutes, No 45, op cit, OE Q 7228

essentially ad hoc nature of the latter. It was through the institutions of compromise therefore that order and liberalism were simultaneously maintained and the level of social conflict contained. It is notable that, as may be seen from the evidence considered in sections 1 and 2, and particularly clearly from the exchange between Sir Roy and Mr. Shonfield quoted above, that it was with this particular balance that certain sections of industrial opinion were becoming dissatisfied at the time of the Royal Commission.

The miscellaneous group

The miscellaneous category of witnesses includes the Shipbuilding Employers Federation,¹ who gave evidence which, while complaining considerably of the constraints which the industry's unions placed on employers,² sought to resolve these through voluntary co-operation.³ This is important, since the EEF, a body with which the SEF is closely related, was one of the foremost advocates of state-corporatist solutions. A possible explanation is the fact that at the time of the Donovan evidence the SEF was in the course of delicate negotiations with the unions, seeking a relaxation of many protective practices. Its concern not to disrupt these, and its confidence in their outcome, may have inhibited the Federation's statements. Its evidence was very slight.

The remaining two exceptional witnesses were employers who were called before the Commission when it wanted to hear from firms which refused to recognise trade unions. Although their evidence was certainly unlike that of other employers, it did not differ from them in the manner which might have been expected, i.e. simple market individualism. There were also differences between the two witnesses.

Kodak Ltd,⁴ an English subsidiary of an American company, did not recognise unions, though there was some dispute over the nature of

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1. Minutes of Evidence, No.48, Shipbuilding Employers' Federation.
 2. ibid, WE paras.27,57,59.
 3. ibid, para.60, OE Q 7781, 7863-7867.
 4. Minutes of Evidence No.67. Kodak Ltd.

their non-unionism.¹ The authority tendency of the evidence was heavily managerial² and did express opposition to unions.³ It implied, however, no sense of crisis.

Far from adopting an individualist view of its work-force, Kodak stressed the role of internal staff committees, under the authority of the firm, which enabled employees to be involved in its organisation and express their grievances.⁴ In one striking passage Kodak recognised the essentially collectivist nature of modern employment.⁵ Similarly, the firm did not argue that pay should be fixed by the market as opposed to bargaining; the firm, by managerial decision, followed rates of pay negotiated with unions in comparable firms.⁶

This evidence is fragmentary in its coverage of items in the profile, but it is valuable as an example of the persistence of collectivism even in the absence of trade unions. It is difficult to classify the evidence without more detail, but obviously the element of private corporatism is strong. The main question which arises is the following: is the corporatism greater in a system of staff committees which are completely controlled by management but which exercise no power over workers, or in one of autonomous unions who may however be induced sometimes to discipline militant members?

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1. The Commission had drawn its evidence of Kodak's anti-unionism from its own Research Paper No.6 (G.S.Bain, Trade Union Growth and Recognition), Kodak contested Bain's evidence in Minutes, No.67, op.cit., OE Q 10774, 10864 ff, 10953 ff.
 2. ibid, OE Q 10804, 10864 ff.
 3. ibid, Q 10824 ff, 10960 ff.
 4. ibid, WE paras. 10,20; OE Q 10774.
 5. ibid, OE Q 10974.
 6. ibid, WE para.24; OE Q 10779 ff.

Sir Halford Reddish¹, chairman and managing director of the Rugby Portland Cement Co.Ltd., gave evidence with a clear and strong concern for authority which was defined in specifically capitalist terms² as well as in general terms of the importance of leadership.³ Capitalist individualism is the central value according to which action is legitimated, and it is this which justifies ownership and renders workers' combinations illegitimate.⁴ The sanctity of individual contract is further identified with the general interest as a criticism of the specific trade-union practice of striking:

" . . . I would say definitely if a man has given his proper notice under his contract of employment, he should have no inherent right to expect to be taken back a week later particularly if he has joined an apparently illegal conspiracy with 500 of his fellows to withdraw his labour at the same time.

. . . If you do not in all walks of life uphold the sanctity of contract, the whole fabric of civilisation falls apart."⁵

This last point incorporates a distinct sense of a crisis of industrial relations, though this is not seen as including Sir Halford's own company (because of its freedom from unions).

The only standard position adopted is that of stressing the identity between workers' interests and their employers' and the need to seek an identification with the company.⁶ Elsewhere, the evidence

1. Minutes of Evidence, No.68, Sir Halford Reddish.

2. ibid, WE Memo I. paras.3,14.

3. ibid, para.8; OE Q 11068, 11159, 11168,11192ff, 11240.

4. ibid, WE Memo.II, para.2; OE Q 11163.

5. ibid, OE Q 11185,11189.

6. ibid, WE Memo I para.14; OE Q 11067.

shows a strong concern for the maintenance of order, the involvement of workers in their firms and the rejection of counter-vailing power.¹ State intervention is rejected, except in so far as Sir Halford would have recourse to the civil law to sue strikers.² The individualism is not one which accepts a conflict perspective.³

Despite its stance this evidence is not straightforward classical market individualism because it is entirely lacking in liberalism in its view of industrial relations; instead there is the advocacy of worker involvement and the complete rejection of pluralism. Again, as with Kodak there are strong elements of private corporatism here. The corporatism is heavily limited by the rejection of organisation, but it is interesting to note that in the course of the oral evidence Sir Halford developed an account of the basis of worker loyalty to the firm which did in fact see the worker is essentially a member of a web of concentric groups in highly corporatist form.⁴ It is also important that it was at this point (and at no other in the entire oral evidence before the Royal Commission) that a member of the Commission identified corporatism in the picture being presented to him. Sir Halford was asked, in fact, how he would distinguish his philosophy from Fascism:

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1. ibid, WE Memo.I para.9; OE Q 11121, 11159.,11187-9,11192.
 2. ibid, OE Q 11130.
 3. ibid, WE Memo.I para.6; OE Q 11037,11068, 11074ff,11164,1190ff, 11204.
 4. ibid, OE Q 11192.

Professor Clegg: "I am asking you a philosophical question, and I want to stress that. How would you distinguish your philosophy from the philosophy of Fascism?"

Sir Halford: "I do not know what Fascism is - explain it to me".

Clegg: "It is a philosophy in which you stress the analogy of the body corporate or the team and the necessity of leadership, and the need for discipline, and the necessity for the leader in the last resort to take the decisions."

Sir Halford: "But surely the leader must take the decisions. Do you call that Fascism? It sounds to me a highly satisfactory position in any organisation."¹

He might well have replied that Fascism was a form of highly statist corporatism while his was entirely private. The market model is further weakened in this evidence by two factors. First, it was admitted that Rugby Cement did not rely on the labour market to fix wages, but followed rates negotiated by those cement companies which followed collective bargaining, with a deliberate attempt to pay a little more.² Second, when at one point Sir Halford accepted the reality of the role which unions played in Britain as a whole he adopted a highly corporatist position on their relationship to their members.³

Once again, therefore, this evidence demonstrates the difficulties of maintaining with rigour an individualist position in the context of the modern economy, and the tendency for important corporatist elements to enter in (though in this case there is no trace of statism).

1. ibid, OE Q 11193.

2. ibid, WE Memo I. para.18.

3. ibid, OE Q 11037, 11192 ff, 11227.

Conclusions

Although a central emphasis of this study is on the extent to which state corporatism has developed as a dominant strategy, a *major* conclusion of this chapter has to be that the Donovan evidence does not reveal a consistent and general move towards state corporatism: not only did no group adopt unambiguously the full state-corporatist model, but the majority of witnesses adopted positions containing no state corporatism at all. Liberal collectivism - the position away from which movement was predicted - continued to be a major element in the philosophy of a great many of the groups considered. However, having stressed that point the search for corporatist developments has not been entirely negative, and the following positive conclusions can be drawn:

1. A highly significant group of government departments, the Opposition, employers' associations and others strongly *urged* on the Commission the adoption of various policies which would shift the British industrial relations system a cautious and limited but definite distance along the path towards state corporatism, while a smaller group was prepared to contemplate the possibilities of such a move. The pressure for these policies emerged from a combination of a strongly held statist and/or managerialist authority tendency with a sense of crisis and failure of authority in the face of organised labour. The challenge was considered to be of such a kind and intensity that management could not counter it from its own resources but would need the support of the state and the co-option of the authority of trade unions (the latter acting under pressure from the former). Although in some cases the state intervention was sought simply to provide a

strengthened legal base for private authority, a continuing role for the state was often envisaged. However, it is important also to point out that the extent of the change required in the nature of trade unionism was limited: there was no attempt to destroy the ultimate right to strike, to abolish institutionalised conflict or to replace elected trade-union officers by state appointees. Finally, it should be noted that the corporatism was primarily managerial and economic: that is, it was legitimated in terms of the mundane pursuit of general wealth by a rationally constituted managerial authority; there was no appeal to the more mystical or nationalistic supports for corporatism which have traditionally been intrinsic to it.

2. A section of legal and industrial opinion which adopted an ostensibly individualist and/or laissez faire position was also driven by its interpretation of a condition of crisis and its pragmatic acceptance of the collective nature of modern economic life to adopt state-corporatist or voluntary corporatist positions.

3. Several other groups which gave evidence (including all other representatives of management) included at least an element of some form of corporatism in their statements. This is not necessarily novel, since it has already been stressed that there are traces of corporatism in managerial perspectives on the Compromise itself. However, one novel argument predisposing witnesses in this direction deserves special comment, for even though those adopting it were only a small group they were of considerable strategic importance. This was the advocacy of the restructuring of bargaining to include an important role for productivity bargaining. The proposal was couched in such a way that it avoided state intervention, maintained and even

strengthened certain features of collective bargaining, but also secured managerial authority. It is noteworthy that those taking this position either saw it as a means of resolving a crisis in industrial relations or else did not even speak in terms of such a crisis. That the proposal involved a certain strengthening of corporatism is significant, though again as with point 1 above it should be noted that the basis for the common interest assumed by corporatism ~~was~~ here an economic one; the gains which would be received by all in the productivity agreement.

4. Certain proponents of liberal collectivism (mainly trade unions) were also willing to cede considerable authority to the state, seeing it as a source of counter-vailing power rather than as a likely supporter of managerial authority (as it was presumably seen by those advocating rather different forms of state intervention). As such these positions are far from being state-corporatist, since they do not place a strong premium on authority. However, should the state in reality move in a state-corporatist direction, these trade union positions of generally welcoming an active role for the state could rapidly become supportive of such moves. It is particularly noteworthy that some of the unions referred to did indeed accept the priority of order and discipline, and had moved a step towards accepting a corporatist role for themselves.

CHAPTER 10

FROM DONOVAN TO THE INDUSTRIAL RELATIONS ACT

Although the Donovan Report¹ included several statements of minority opinion and dissent, there was agreement among the Commissioners on certain central themes. Analysing these in terms of the framework of chapter 3 the Report emerges as a managerial interpretation of liberal collectivism.

The Report's authority tendency was strongly managerialist, accompanied by a powerful emphasis on ordered collective bargaining. Management was deliberately picked out as a central group representing a general interest in contrast with the partial interests of shareholders.² In this sense Donovan shared the ideology of many of its managerial witnesses in legitimating management as a 'neutral' force standing over and above the sectional interests of workers, customers and shareholders, and being specifically identified with the paramount economic goal of the pursuit of economic growth.³ Even the 'indictments' of British management for which the Report was noted do not contradict this managerialism; the criticisms were aimed at those managements who had not accepted the leadership role in which the Commission saw them.⁴ Within this overall position Donovan then gave special legitimacy to collective bargaining, seeing it as a central goal of policy.⁵

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1. Royal Commission on Trade Unions and Employers' Associations, Report, Cmnd.3623, (London, HMSO, 1968).
 2. ibid., paras.18,24.
 3. ibid., para.415.
 4. ibid., paras.299,303.
 5. ibid., paras.182,203,212.

This combination of managerialism and support for bargaining is pursued in the Commission's detailed positions on industrial relations. Over and again the central theme of the Report was that of the need to secure order, by which was meant, as has been indicated, managerial order.¹ This emerges in the Commission's treatment of pay determination, where it opposed piecework and other forms of payment and bargaining, which were not conducive to rationally ordered and control^{led} systems.² It inveighed particularly heavily against unofficial strikes, again principally on the grounds of their disruption of predictable order.³ However, this managerialism was balanced by a strong emphasis on the role of unions in collective bargaining.⁴ Powerful support was given to the voluntarist conception of bargaining.⁵ The importance of workers' counter-vailing power was stressed; and the primary function of unions was seen to be the representation of their members.⁶ And although the general tenor of the Report was for the limitation of the state's role, it proposed several legal measures designed to strengthen bargaining by increasing unions' and workers' rights.⁷ The Report also

1. ibid. paras.87,130,182,210,211,296,303,323,388,411,414,454,500, 696 ff,999.

2. ibid., paras.87,162,388.

3. ibid., paras.411,414,500.

4. ibid., chap.V

5. ibid., paras.190,431 ff.

6. ibid., paras.212,221.

7. ibid., para.122.

gave a large role to government in securing institutional reform, principally in its proposal for an Industrial Relations Commission which would give detailed assistance to management and unions in reforming their bargaining institutions.¹ This was a particularly clear instance of what is meant here by an activist but non-coercive state. (Of course, in practice there will be strong tendencies for the state to use the leverage which this kind of role affords it in the service of its more essentially political and coercive functions, but that is a separate question.)

Overall, therefore, the Report was clearly liberal collectivist, stressing the importance of both strong unions and strong management, and accepting the importance of conflicts of interest in industrial relations. It strongly rejected legal controls on bargaining. However, since the Report did accept a highly managerialist interpretation of liberalism which made it critical of the existing state of industrial relations, it needed proposals which would restore managerial authority. Overall its choice of measures was consistent with the liberal model. It adopted the proposals for institutional reform in the level of bargaining which had been advocated by several of its witnesses (particularly Allan Flanders), though notably without the voluntary-corporatist emphasis of much of that evidence. Primarily the Report sought changes which would recognise the reality of plant bargaining and thus proceed to institutionalise it.² The Report was therefore contending that any shifts in the balance of

1. ibid., paras.198 ff.

2. ibid., esp.chap.IV,

bargaining power towards workers which had occurred were the consequences of a lack of fit between the institutions and everyday relations, and that adjustments in the institutions would restore the situation.¹ As part of this process of shifting the bargaining level the Report strongly endorsed proposals for productivity bargaining,² which of course provided an element beyond the simple reorganisation of institutions.

Two elements in the main Report went some way beyond this affirmation of liberal collectivism with reliance on reforms in the level of bargaining to restore managerial power. First, the Report did support incomes policy as a means for securing a more rational and systematic form of income distribution,³ though it did not examine the implications of such an approach for its generally expressed support for collective bargaining. However, it did insist on the 'short-term' nature of incomes policy,⁴ not seeing it therefore as a major means of securing a shift in the system of income determination, a point which was rebuffed by the NBPI in its next General Report.⁵

1. ibid., paras.454,475,476.

2. ibid. paras.318-327.

3. ibid. para.207,285.

4. ibid. para.208.

5. National Board for Prices and Incomes, Report No.77, Third General Report, Cmnd.3715, (London, HMSO, 1968), para.11.

The second compromise with liberal collectivism took the form of a slight voluntary corporatist emphasis on some of the expected consequences of institutional reform. Despite what had been said in general about the prior responsibility of unions to their members, Donovan did regard it as important that unions integrate their shop stewards so that they might better control their activities in the interests of managerial order.¹

The overall consensus of the Report on a reformed liberal collectivism was achieved at the ^{expense of} various notes of dissent, most of which strained in a state-corporatist direction. Lord Robens and Sir George Pollock wanted the Secretary of State to have the power to impose a procedure agreement where the parties were unable to agree on one,² and they also sought a simple increase in legal support for managerial power in a proposal that workers who struck unconstitutionally should be regarded as having broken their contract of service and should therefore lose all accumulated pension and similar rights.³ And a bare majority of the Commission proposed that unofficial groupings of workers inducing another to break a contract of employment in furtherance of an industrial dispute should no longer have immunity from prosecution as afforded

1. Royal Commission, Report, op.cit., para.454,692 ff (esp.699).

2. ibid., para.519.

3. ibid., para.519.

by section 3 of the Trade Disputes Act 1906.¹ Lord Donovan himself, anticipating the main criticism from employer interests of the Report - that the problem of unofficial strikes would get worse before the institutional reforms could be achieved - also sought a simple legal strengthening of the managerial position, though all he proposed was that an employer should be able to defend a claim for redundancy payment with a counter-claim for damages for breach of contract for unofficial strikes.²

These dissenting statements represented little more than attempts at seeking legal support for management's position; they were not in themselves corporatist. However, two extended statements by individual members of the Commission expressed strongly organicist positions, even though they differed from each other. Lord Tangle, while accepting the reality of conflicts of interest as stated in the main report, sought to shift the emphasis to the essential unity of all concerned within a firm which lay behind such conflicts.³ This unity was embodied in management, which he depicted as a neutral force as did the main Report. He then went on to advocate a stronger statutory role for the Industrial Relations Commission.⁴ He argued

1. ibid., para.799 ff.

2. ibid. Addendum by Lord Donovan.

3. ibid., Supplementary Note by Lord Tangle, para.2.

4. ibid. (Tangle), para.3.

inter alia, that the IRC should take over the existing powers of the Registrar of Trade Unions, and should be able to refuse registration to a union (or employers' association) if its rules were not conducive to the new kind of agreement or if it or its members were frequently involved in unconstitutional disputes. (However, Lord Tanglely could not go so far as to support the legal enforceability of specific agreements.¹) Lord Robens, Sir George Pollock and Mr. John Thompson also supported this proposal.² Its significance for the present analysis is that it made the existence of a union heavily dependent on its satisfying a state agency that it had neither connived at the breach of agreements, nor allowed its members to do so. This last point could lead to the state requiring unions to use ^{their power} /to support industrial order.

Mr. Andrew Shonfield, in a note of reservation, was concerned that the main Report had not sought to limit the power of organised labour or, as he phrased it, the 'long-term problems of accommodating bodies with the kind of concentrated power which is possessed by trade unions to the changing future needs of an advanced industrial society.'³ His note, like that of Lord Tanglely, moved from the liberal assumptions of the main Report to a highly organicist model. He stressed the integrated and inter-dependent nature of modern

1. ibid., (Tanglely), para.3(vi).

2. ibid., Supplementary Note by Lord Robens, Sir George Pollock and Mr. D. Thomson.

3. ibid., Note of Reservation by Mr. A. Shonfield, para.1.

society;¹ and in a passage striking for its anti-individualism as well as its anti-liberalism stressed that manpower was the property of the society as a whole and not of the individuals who possessed it.² Finally, he also shared the managerialist approach of the main report, identifying management with the pursuit of economic growth.³ From these assumptions, Mr. Shonfield argued for a series of those measures identified as embodying state corporatist elements in chapter 8: imposition of new conditions of registration on unions;⁴ legal action against workers' protective practices;⁵ and imposition of a requirement on unions to control their members.⁶

In the evidence presented to it the Commission had been faced with employers seeking strong new measures of control and unions seeking to sustain the existing Compromise. Its proposals, reaffirming voluntarism but pressing a heavily managerial emphasis and taking up certain voluntary corporatist proposals, might be considered to have 'balanced' these pressures. But the dissent of the more 'managerialist' members of the Commission itself indicated from the start that important sections of British industry wanted to go further than such an accommodation. The responses to the Report of the various interest groups marked little mutual adjustment but a restatement of the positions adopted in their evidence. The TUC broadly welcomed

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1. ibid., (Shonfield), paras.2-5.
 2. ibid., (Shonfield), para.31.
 3. ibid. (Shonfield), para.38.
 4. ibid (Shonfield), para.4.
 5. ibid (Shonfield), paras.23 ff.
 6. ibid (Shonfield), para.38.

Donovan's support for collective bargaining, while the CBI regretted the absence of any major proposals for the reform of industrial relations law. There was some adjustment; both the CBI and the TUC embarked on a range of institutional reforms on the lines proposed in the Report, including several mutual efforts.

There is some evidence that several members of the Cabinet had been hoping for a report which would propose the introduction of legal controls, but at first the Government accepted the approach of the report which it received, and set about implementing the proposals for institutional reform. The Conservative Opposition, which had already stated its commitment to legal changes, took a similar position to that of the CBI. An interpretation of the various shifts in the positions of the groups concerned will be attempted in Part III. For the present our main concern is simply to interpret the particular detailed policies which were adopted.

The Government soon began to respond to the pressures predicted by Lord Donovan in his note of reservation; unofficial strikes continued to be a political issue, and the severity of Ministerial attacks on them increased. By the end of the year it was becoming clear that the Government was sharing the impatience of industry at the long process of institutional change, and that a new policy statement was imminent.

In Place of Strife

The White Paper In Place of Strife¹ which constituted the Government's first major proposals in the wake of the Royal Commission is very much a transitional document, standing between Donovan and its managerial liberal collectivism on the one hand and the state-corporatist proposals of industry and the Opposition on the other. This is reflected in the systematic ambiguities found in the document when it is analysed according to the frame of reference.

The White Paper was not explicitly managerialist, though its strong concern for order in industry necessarily implied support for the managerial interest.² The explicit authority sources indicated were the state³ and collective bargaining. Its position on the latter was highly ambivalent. At some times it described collective bargaining (if carried out by efficient management and representatives of well-organised unions, negotiating over a wide range of subjects) as 'the best method so far devised of advancing industrial democracy in the interests of both employees and employers'.⁴ However, at the same time the Government was highly critical of some of the practical accomplishments of collective bargaining. This was the period, (to be discussed in chapter 12) when Government spokesmen had been discrediting the concept of collective bargaining during the

1. HM Government, In Place of Strife, Cmnd.3888 (London, HMSO, 1969).

2. ibid., paras.15,20.

3. ibid., paras.3,5-9.

controversy over incomes policy, and some of those criticisms were carried over into In Place of Strife. The disruptive nature of strikes, the scope for employers and workers to conspire against consumers, and the failure to help low-paid workers were all seen as undesirable consequences of bargaining.¹

Consistent with those aspects which supported collective bargaining, the White Paper expressed several liberal collectivist positions, stressing the inevitability of conflicts of interest,² the need for these conflicts to find expression,³ and the importance of workers being organised in independent unions.⁴ But just as its support for collective bargaining was tempered by major attacks on its achievements, so these statements were accompanied by highly organicist ones. Some of these followed Shonfield's note of reservation to Donovan in stressing the interdependence of a modern industrial society.⁵ Others, like much of the evidence to Donovan, picked out the overriding unities of the pursuit of economic growth.⁶ At one point the White Paper described in voluntary-corporatist terms the way in which 'managers and unions have entered into a position of mutually beneficial partnership with the state to secure common objectives'.⁷

1. ibid., para.2.

2. ibid., para.1.

3. ibid., paras.32,45.

4. ibid., paras.54,75.

5. ibid., paras.14,91.

6. ibid., paras.6,79,

7. ibid., para.9.

Like many of the witnesses to Donovan, therefore, the stance of the White Paper was to argue that while, on the whole, liberalism and collective bargaining were to be supported, the present situation made moves away from that system necessary. And as far as the Government was concerned, the direction of that move was towards more state intervention. In an historical review of the development of industrial relations it delineated two tendencies: that of 'collective laissez faire' and that of state intervention.¹ The latter was seen not just as a periodical adjustment of respective bargaining powers, but as necessary 'to contain the disruptive consequences of the struggle for those not immediately affected', and 'if it could be shown that certain important economic or social objectives were not sufficiently furthered or were frustrated by collective bargaining'.² It was this second tendency which was now becoming relevant again. The new statist measures which were proposed were neatly divided between those aimed at strengthening the power of unions in collective bargaining, and those directed at regulating unions' activities. On the former, the Government had identified (with Donovan) a need for various improvements in unions' and workers' rights if they were to be able adequately to express their counter-vailing power within collective bargaining.³

1. ibid, paras.5;6.

2. ibid, para.6.

3. ibid, paras.54,55.

The bulk of the interventionist measures proposed involved few challenges to voluntarism. The non-coercive government measures advocated by Donovan, such as the Commission on Industrial Relations, were adopted.¹ And, primarily on straightforward liberal grounds, the Government rejected several of the stronger proposals, including those for the legal enforcement of collective agreements;² legal action against protective practices;³ and those of the Donovan majority for removal of the protection of section 3 of the 1906 Act from unofficial strikers.⁴ It also rejected the corporatist proposal that unions should have a legal duty to restrain unofficial strikers, though it considered that what might be called a private corporatist duty of that kind did rest with unions.⁵

Its coercive strength was mainly aimed at two measures which had been canvassed by Donovan witnesses, but rejected by the Commission on practical grounds: the conciliation pause⁶ and the strike ballot.⁷ The former involved a higher degree of political, as opposed to simply legal, intervention than might at first appear. Conciliation pauses would not be imposed automatically in disputes involving, say, a specified number of workers. Rather, the

1. ibid, paras.33 ff.

2. ibid, paras.42 ff.

3. ibid, para.50.

4. ibid, para.88.

5. ibid, para.96.

6. ibid, para.93.

7. ibid, para.98.

Government would need to decide that a particular dispute endangered the national interest. Such a decision would, clearly, be an inherently political one. In the case of the latter proposal it was clear that the motive was the reduction of industrial disorder rather than an insistence on democracy in unions, because it was argued that: 'A major argument against strike ballots is that members are often more militant than their leaders and are likely to be less closely in touch with the progress of negotiations'.¹ Therefore the power would only be used where 'the proposed strike would involve a serious threat to the economy or public interest, and there is doubt whether it commands the support of those concerned'.²

The White Paper also proposed investigation by the CIR of disputes over multi-unionism, with the possibility of penalties for those not complying with its findings.³ However, since it was explicitly stated that 'industrial relations issues' might be involved and that therefore the question of legal penalty should not be absolute, it is not possible to interpret this a priori as intervention on either 'side' by the state; investigation of the practical implementation of such a proposal might be a different matter. Finally, the White Paper also called for the establishment of a new compulsory registrar of trade unions which would make certain requirements of union rule-books.⁴ The details of such requirements were not discussed in detail, but the proposal appeared within a

1. ibid, para.97.

2. ibid, para.98.

3. ibid, paras.60-62.

4. ibid, para.109.

section dealing mainly with the internal conduct of trade-union affairs. Were the requirements to be confined solely to internal questions it would be of little significance to our framework. However, some of the suggested list of provisions of such rules, such as 'discipline' and 'the appointment and function of shop stewards' left open the possibility that the Government was contemplating certain legal obligations on unions to control their members, though as has been noted such a possibility had been rejected elsewhere in the White Paper in connection with legal liability. This particular proposal therefore remained undeveloped.

Setting aside the uncertainties over this last point, In Place of Strife cannot be considered a strongly corporatist document. Its overall philosophy was a combination of simple statist and liberal collectivism - more precisely, one of increasing statist modification to a liberal collectivist system.

The TUC took its stand on institutional reform on the Donovan pattern and opposed the measures included in In Place of Strife.¹ The CBI and Conservative Opposition welcomed the proposals as a small step in the direction of the stronger legal measures which they were seeking. However, before the proposals could be incorporated in the form of a Bill, the Government switched its policy and

1. These reactions will be discussed in more detail in chap.12; an account of the TUC's opposition will be found in P. Jenkins, The Battle of Downing Street (London, Charles Knight, 1969).

introduced a short Bill to deal with the immediate question of unofficial strikes.¹ 'Impatience' with the long-term Donovan approach thus became even more prominent. The controversial clauses of the new Bill contained the central statist proposals for (i) legal measures to deal with inter-union disputes and (ii) more important, the conciliation pause during unconstitutional stoppages.

The Government was prepared to consider a 'compromise': action by unions to discipline unofficial strikers backed by a firm guarantee from the TUC that it would discipline unions not taking such action.² This was not so much a compromise as a major step towards a strong form of voluntary corporatism. As has been argued elsewhere in this study, corporatist measures, being means of co-opting labour's own organisations to assist the state and employers in the control of labour, become relevant when the state and employers consider that their own power alone is inadequate. The Government's move here can be interpreted in this light. It continued to feel unable to resort to classical market solution of high unemployment; it could not rely on economic growth, even if secured through productivity bargains; it was impatient for measures which would operate before the institutional reform of bargaining might take

1. Industrial Relations Bill, 1969.

2. P. Jenkins, op.cit., A detailed account of the development of proposals on both sides is given in the Report of the General Council of the TUC, 1969, published in the 1969 Trades Union Congress Report (London, TUC, 1970).

effect. It had therefore turned to simple statist measures, and if now asked for a further alternative it had little else left but a straight corporatist proposal. The proposal was stronger in its corporatism than many of the suggestions for the control of shop stewards and unofficial strikers by unions which had been made before Donovan in three respects:

- (i). it was unequivocal that it was disciplinary action, not simply institutional integration which was being sought;
- (ii). it did not simply seek to oblige unions to discipline strikers, but sought to impose a central disciplinary role on the TUC to discipline the unions; and
- (iii). although this was the 'voluntary' alternative, it was clearly a case of the alternative to voluntary action being statutory requirement.

It was thus an instance of the highly active but non-coercive state, and its corporatism was therefore voluntarist as opposed to either statist or private.

The TUC's response to the situation was that it would do its best to limit unofficial strikes, but neither could nor would give itself any coercive power over member unions.¹ This was a familiar TUC response of offering voluntary action in the face of a statutory

1. TUC General Council Report, 1969, op.cit.

threat. It illustrates the subtle difference between the practice, of the Compromise and those of corporatism. Under the Compromise, as had been pointed out in In Place of Strife, unions and employers frequently co-operated with government in the pursuit of joint policies. And as the experience of incomes policy had shown, in order to preserve voluntarism and free collective bargaining the TUC had been willing to operate its own policy of restraint. Such actions are compatible with the terms of the Compromise spelt out in Part I. There comes a point however, when such actions begin to shade off into practices of corporatism. When the threat of coercive measures is used to secure the voluntary policy; and when the criteria of the voluntary policy become increasingly dictated from outside, the policy in question becomes more difficult to interpret in terms of the Compromise and becomes voluntarist, or eventually statist, corporatism. The subtle dividing line of such criteria was passed by the Government's proposal to the TUC, while the TUC's own position can be interpreted, though only just, as a maintenance of liberal collectivism.

As will be discussed in chapter 12 with reference to incomes policy, when the TUC was pushed into a position of having voluntarily to impose the criteria of state policy against member unions and their members - in other words when it was pushed into a policy of voluntarist corporatism - it responded by developing its own terms for co-operation. The result of this attempt at restoring the balance of the Compromise was that the unions adopted more independent, militant and politically involved policies than had been characteristic of the Compromise, and the TUC came to occupy a role of co-ordination,

not in the direction of obedience to the state, but for a strategy of renewed militancy. This process now occurred in industrial relations, combining with and strengthening the parallel revolt over incomes policy. The unions threatened stronger political action over the Bill than they had over any other issue in at least the post-war period. Although the June 1969 agreement reached with the Government involved the TUC in accepting a commitment to intervene in disputes which bordered on the corporatist, its general stance became more radical and more political.

The TUC reaction disposed of the Labour Government's attempt at legal intervention. The Industrial Relations Bill¹ eventually presented in 1970 represented a straight reversion to policies of the Compromise. That Bill never became law because the Labour Government fell at the election of June 1970. The new Conservative Government embarked on radical policies of reform in industrial relations law following far more closely than In Place of Strife the policies advocated by industrial interests before the Donovan Commission.

1. Industrial Relations Bill 1970.

Fair Deal at Work

The Conservative Party had formally signified its conversion to a policy of major change in industrial relations legislation in 1965,¹ re-affirming this in its manifesto for the 1966 election.² In 1968, some months before the publication of the Donovan Report, it produced its detailed proposals in Fair Deal at Work.³ This followed the main outlines of the policy of the Conservative lawyers, and shared their attempt to reconcile an individualistic rhetoric with proposals which contained an important corporatist element, though as the analysis will show there were some departures from the lawyers' documents on important points of detail. Some of the more coercive proposals were not followed, and greater reliance was placed on Government-inspired but voluntary measures of institutional reform. But the central intention to move away from the typical British pattern of ad hoc accommodation, implicitness and compromise was clearly asserted:

"Britain is one of the few countries where there has always been a general reluctance to set out - at parliamentary level - basic aims in matters concerning industrial relations and the fundamental rights and duties of the parties mainly responsible for their conduct. This, we believe, has led to the present wide variety of interpretations which, in turn, has resulted in much avoidable conflict about the proper role of institutions and individuals in a progressive industrial society."⁴

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1. Conservative Party, Putting Britain Right Ahead (London, Conservative Political Centre, 1965).
 2. Conservative Party, Action not Words (London, CCO, 1966)
 3. Conservative Political Centre, Fair Deal at Work, (London, CPC, 1968).
 4. ibid, p.54.

A preface from the Party leader¹ was couched in the market individualist terms being increasingly adopted by Conservative spokesmen at that time (see chapters 12,13). He also adopted the formula of '... how within properly defined rules individuals and organisations can be free to get on with the job without interference by the Government.' In a foreword from the Party's spokesman on labour affairs the same combination was adopted: the Party sought, not continuing state intervention, but once-and-for-all state action to change the ground rules within which voluntary action took place.²

The central authority tendency of the report itself was the same interpretation of collective liberalism in laissez faire, or market individualist, terms which was identified in chapter 9.³ But, as in the Labour White Paper, that support was qualified by certain attacks on the failings of bargaining.⁴ There was also a very strong managerialist element in the authority tendency; the central role of management and the importance of workers' obedience to management being stressed at several points.⁵ Unlike the Donovan Commission, Fair Deal at Work did not discuss any possible distinctions between managerialism and entrepreneurship.

1. ibid, Preface by Mr. Edward Heath, p.5.

2. ibid, Foreword by Mr. Robert Carr, p.8.

3. ibid, pp.56,60.

4. ibid, p.56.

5. ibid, p.24,53,65.

In its detailed proposals the document departed some considerable way from the liberalism and anti-statism of its general formulations; there were also important ambiguities in the treatment of individualism and collectivism. Like the Labour White Paper, the Conservatives legitimated their critique with reference to both economic need and an essentially organicist model of industrial relations:

" . . . Britain will never realise her full productive potential while, over a wide area of industry, the working relationships between managers and men are embittered by fears, suspicion and self-destroying conflict. Unless, as a nation, we can get more harmony, positive co-operation and unity of purpose into our industrial life, our struggles for higher productivity, expanding exports and higher standards of living can make only marginal progress."¹

The power of organised labour within the existing legal framework was identified as being the major cause of the problems of industrial relations, which were defined as including: industrial disputes; restrictive labour practices; excessive, unfair or harmful authority exercised by organisations or 'pressure groups', whether of employers or workpeople; and the misuse of economic power for the furtherance of sectional objectives.² Although this formulation was aimed at 'both sides of industry', it was made clear later in the document that it was labour organisations and not employers who were the principal cause of the problem.³ The primary purpose of the pamphlet was therefore to advocate measures which would adjust

1. ibid, p.9.

2. ibid, p.11.

3. ibid, p.18.

the balance of law in management's favour. In several of the proposals the legal intervention proposed was the 'background' kind consistent with market individualism - such as making it possible for employers to sue unconstitutional strikers as individuals in breach of contract.¹ However, as in the Conservative lawyers' evidence, other central proposals involved a much more active role for either the state or its agents, or in various other ways marked a shift from liberal to corporatist measures. Very important here was the proposal that unions should be liable to legal action in the case of an unconstitutional strike unless they could show they had done all in their power to prevent it (or stop it if it had begun).² The proposal for a reformed Registrar of Trade Unions discussed in previous chapters was also continued.³ There was some ambiguity here; when outlined in detail, the controls of the proposed registrar were largely concerned with internal rules and the protection of individual union members from their unions, but in other parts of the document it is clear that it was also expected that the Registrar would require unions to discipline unofficial strikers.⁴

1. ibid, p.31.

2. ibid, pp.32-34.

3. ibid, pp.20 ff.

4. "The basic functions of shop stewards would be clearly laid down in union rules. And since the Registrar would have a responsibility to ensure that rules were adhered to in practice, management could expect full union co-operation if shop stewards attempted to exceed their authority". (ibid, p.65).

An interesting aspect of Fair Deal is the precise way in which it moves between the principles of individualism and freedom on the one hand and collectivism and obedience on the other. The role of the Registrar was important to this distinction; for example, in the application of the conflicting principles to different aspects of relations between unions and their members. The Registrar would uphold (indeed, require) union rules which defined the right to call industrial action within an organised group (collectivism and obedience),¹ but he would not permit rules which disciplined workers who would not support a strike (individualism and freedom).² The motivations of the policy in this were quite explicitly stated. Dealing with the problem that giving unions the right to sue and be sued could have the consequence that 'the courts could be put in the position of compelling people to obey strike orders issued by their unions', the document stated:

"Such a situation . . . would, we believe, be an objectionable interference with an individual's fundamental right to work. We therefore propose that this provision should be subject to the exception that no union should be able to seek an injunction to compel a man to withdraw his labour."³

Like the two previous documents by the Conservative lawyers, the pamphlet was consistent throughout on this balance between individual liberty and corporate obedience: managerial authority is the ultimate value, to which the liberties of workers, whether as

1. ibid, p.66.

2. ibid, p.22.

3. ibid, p.19.

individuals or as groups, are subordinated, But the liberty of the individual worker is given greater priority than the organisational requirements of unions. This emerges also in the Party's approach to the problem of closed shop and 100% unionism.¹ It is through formulae such as these that the individualism of parts of the document did not contradict its essential corporatism.

The pamphlet continued the proposals for Ministerial imposition (through court action) of strike ballots and cooling-off periods² (involving both activism and coercion by the state). However, it stepped back from the proposal in A Giant's Strength for legal measures against restrictive practices, arguing that this was too delicate an area for legal intervention.³ Instead, it advocated investigations of such practices by the Productivity Board (which at that time the Party envisaged as a replacement for the NBPI), without sanctions apart from the pressures of 'internal persuasion, report, and public and Parliamentary censure'.⁴ (This is an instance of the active but non-coercive state, and also marks a move in the direction of proposals of the Donovan kind for public, non-statutory attempts at institutional reform.)

Other positions adopted in the document included condemnations of unofficial strikes;⁵ vague references to the need for 'participation' and co-operation;⁶ and, at a few points, support for the institutional reform strategy of Donovan.⁷ There were also proposals for certain

1. ibid, pp.24-27.

2. ibid, p.40.

3. ibid, p.49.

4. ibid, p.50.

5. ibid, pp.28,56.

6. ibid, pp.10, 62.

7. ibid, pp.29,59.

improvements in the rights of unions (for recognition, etc)^{and} of workers vis-à-vis their employers (e.g. protection against dismissal).¹ In some cases these measures were supported on the grounds that to leave such matters to voluntary action led to a large number of industrial disputes.²

In summary, Fair Deal at Work placed an extremely strong emphasis on the need for order and obedience,³ to a limited extent adopting an 'involvement' model of the role of workers in their firms. Some support was expressed for the need for workers' counter-vailing power, though there was a heavier emphasis on the superiority of the managerial prerogative.⁴ There was a distinct move towards the treatment of conflicts as questions of rights.⁵ Its position on the role of the state was more complex. In line with the Party's intentions at that period to avoid detailed entanglements as in incomes policy, much of the legislation proposed was for civil law, involving the combination of legal coercion with the passive state. But other aspects involved a considerable increase in state activism; in the role of the registrar (the state's agent); in the Minister of Labour's envisaged role in imposing (through the courts) cooling-off periods and strike ballots; and in the role envisaged for the Productivity Board (though in the case of this last the role was primarily an instance of the active but non-coercive state typical of industrial-relations reform activities from the early 1960s onwards).

1. ibid, p.43.

2. ibid, p.41.

3. ibid, pp.29,30,34,37,43,62,65.

4. ibid, pp.30,34,43,62.

5. ibid, pp.29,34.

On the individualism/collectivism dimension the document's position was complex, as already indicated, envisaging a central role for workers' organisations but also making elaborate provision for safeguarding the individual worker. Workers' organisations were seen as having a duty to support the employers's authority in various ways,¹ and through the registration system would draw their power to exist largely from the state, though a few statements suggested a continuing commitment to some elements of a liberal concept of unions.² The document contained very little on pay determination, reflecting the party's concern to avoid incomes policy. To the extent that the issue was mentioned it supported a more systematic market (emergent) pattern.³ Growth rather than redistribution was favoured as the means of securing income increases.⁴

Overall, therefore, Fair Deal at Work was a highly corporatist document. It cannot be described strictly as state corporatist because so much weight was placed on civil law. On the other hand it was not pure^{private} corporatism because the law played a dominant part, especially in the definition of the status of trade unions. However, this was not an instance of voluntarist corporatism, because apart from the idea of the Productivity Board there was not much stress on non-coercive state activism. It can best be described as private corporatism with heavy state support, and one of the most interesting questions affecting the policy concerns the viability of this attempted balance between laissez faire and statism.

1. ibid, pp.65,66.

2. ibid, p.23.

3. ibid, p.59.

4. ibid, p.62.

The Industrial Relations Act 1971

When the Conservatives came to power in 1970 the introduction of an Act based on Fair Deal at Work was one of their major projects. First a Consultative Document¹ was published, then a Bill and then after various amendments the Act was finally passed. Attention will here be concentrated on this last alone. Three previous Conservative documents have already been discussed in detail, and the changes between the Consultative Document and the Act were minor so far as the issues central to this study are concerned. As an Act of Parliament the terms of this measure were obviously more precise and detailed than the party pamphlets which have so far been discussed, but the Act did nevertheless contain certain major ambiguities.² Some of this might have been resolved by subsequent case law or Government regulations, but the effective union boycott of the Act and its repeal within three years of being passed severely reduced the possibilities for this process to work, and some ambiguities remain. The following discussion will consider the extent to which the Act presents a more complete and precise strategy than the earlier Conservative statements, and will trace in particular the development of the central policies which have

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1. HM Government, A Consultative Document, (London, HMSO, 1970).
 2. Comprehension of the Act's legal terminology has here been heavily dependent on the Department of Employment's Guide to the Act (London, HMSO, 1971) and on C.G. Heath, A Guide to the Industrial Relations Act 1971 (London, Sweet and Maxwell, 1971)

been discussed throughout this and the two previous chapters. The analysis will reveal three principal shifts from earlier Conservative statements, intimations of the first two of which were already present in Fair Deal at Work:

- (1). a bigger role for policies of institutional reform and conciliation as opposed to coercive intervention;
- (2). an expansion in the implications of registration for unions; and
- (3). the concept of the unfair industrial practice.

A central innovation in the Act was the proposal for a changed system of trade-union registration for which there had been considerable pressure from employer interests in the evidence to the Donovan Commission. By the time that the Industrial Relations Bill was published it was clear that the unions were going to resist the proposed registration scheme, so the Act placed considerable stress on the distinction between a registered and an unregistered union. A series of rights were given the former and denied the latter; indeed, although no attempt was made to make unregistered unions illegal they were deprived of the legal title of 'trade union', that term being reserved at law for registered bodies, an unregistered union becoming 'an organisation of workers'.¹ Some of the more substantive distinctions were straightforward incentives to unions to register, such as the

1. Industrial Relations Act 1971, Sec.61.

limitation to registered unions of certain taxation concessions on income related to their friendly society benefits.¹ Various rights which the Act extended to workers (such as the right to union membership)² or to unions (such as the right to hold the sole bargaining agency for a group of workers)³ were limited to registered unions, thereby turning what were ostensibly extensions of union rights into forms of pressure on unions to conform to certain policies. (As such, these policies provide a demonstration of a point made in discussion of position XXXII (Legal guarantee of trade-union recognition), in chapter eight, that state action to confer a union right could also be a means of securing control over unions.) While non-registered unions were debarred from certain rights in this way, they were not excused from certain parallel rights enjoyed by employers and individual workers against unions. This lead to a distinct asymmetry in the wording of many of the Act's provisions, such as that stipulating that it would be an unfair industrial practice for an employer to refuse employment on grounds of membership of a registered trade union or on grounds of non-membership of a registered or a non-registered one.⁴

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1. Under previous legislation charitable status had also been limited to registered unions, but that registration had no industrial relations implications.
 2. IRA, Section 5.
 3. Ibid, secs.44,45.
 4. ibid, sec. 5(2). A similar pattern will be found in sections governing: the right to belong or not to a union (sec.5(1)); protection against dismissal for such membership or non-membership (sec.24(4)).

The conditions of registration themselves retained certain important obscurities carried over from earlier Conservative policy statements. The detailed requirements from the rules of registered unions largely concerned internal matters, such as financial accountability, election procedures, and members' rights in disciplinary proceedings.¹ But it was also required that the rules include provisions setting out (i) the powers and duties of all officers and officials, and (ii) the bodies and officials by whom, and the circumstances in which, a strike or any other form of industrial action could be called within the union.² Once a union had adopted a set of rules on these points it would be responsible for ensuring that they were maintained; the registrar was required to carry out investigations into the conduct of the rules,³ and a registration could be at risk if there were frequent breaches. It would therefore be through these clauses that an important element of the registration proposal as outlined in position I in chapter eight could be secured: union responsibility to a state agency for restraining the activities of its members. However, the Act did not specify in detail what form should be taken by rules under these provisions. What, for example, could the registrar do if a union generally empowered its members to call strikes if they felt it necessary? Would it be argued that this was not in conformity with the intention of the Act in calling for the specificity of rules? Or would the Government have issued regulations to make more specific

1. ibid, Schedule 4.

2. ibid, Schedule 4, paras. 7 and 10. respectively.

3. ibid, section 83.

requirements of union rules in conformity with this section? The brief and chequered history of the Act provided no answer to these questions, but the registration provisions remained an important means whereby governments could oversee the actions and responsibilities of unions.

Whatever the ambiguities of the registration procedure, other sections of the Act imposed a legal duty on registered and unregistered unions alike to restrain their members in the event of industrial action against the terms of a legally binding agreement. In chapter eight several proposals were discussed (positions II-IV) whereby unconstitutional strikers could be taken to court - allocating responsibility variously to employers, unions and the government. Each incurred the political problem of potentially large numbers of strikers being taken to court. The Act solved this general problem in connection with both this and other provisions by making the offence the incitement of, or threat to incite, others to take part in industrial action, and providing no action at all against mere participants.¹ Its solution to the specific problem of who should take the legal action was to give employers the right to sue a union if it did not do its best to prevent or end any action by its members or agents (or anyone purporting to act on its behalf) of a kind which a legally enforceable agreement bound it not to take.²

1. G.C. Heath, Guide to the Industrial Relations Act, para.2-9.

2. IRA, Section 36(2) and (3).

It is important to note in discussing this provision that the Act left it open to the parties (with an exception which will be considered below) to decide whether or not an agreement should be legally enforceable or not.¹ This can be seen as an important concession to voluntarism and the traditions of the Compromise; the liability to control the membership entered as part of the bargaining process and was not a general imposition on unions. As pointed out in chapter three (page 93), to a limited extent the need to restrain one's own actions in response to concessions is implicit in the bargaining process. There was however a major development in the imposition of a legal requirement on what would otherwise simply be part of self-interested bargaining strategy. Further, although the Government's initial intention had been that an agreement could only be legally binding on the consent of both parties, when it became clear that very few unions were likely to accept legally binding agreements, it was provided that one party alone (presumably the employer) could do so.² A final erosion of the residual voluntarism of this concept came in the provision elsewhere in the Act that the Secretary of State could, in certain circumstances, have a procedure agreement legally imposed on a particular bargaining relationship,³ and reserve powers were taken in the Act for the Secretary of State to be notified of all existing

1. ibid, section 34(1(b)).

2. There was also pressure towards legal enforceability in the conclusive presumptions of the Act that agreements were legally binding unless each part of them was specifically excluded from legal enforceability by the parties (C.G. Heath, op.cit., para.4-05 to 4-12.)

3. IRA, Sections, 37,43.

procedure agreements.¹ It was therefore open under the Act for the state, acting through the courts, to take action leading to the imposition of procedure agreements specifying the circumstances in which industrial action was possible, after which unions would have a statutory obligation to take strenuous action against anyone inciting a group of their members to take industrial action outside those provisions. As with the proposal for registration which permitted non-registered unions to persist with certain handicaps, the provisions on legally binding agreements and union obligations thereunder maintained the outlines of the voluntary system but imposed handicaps on its operation.

Two further major proposals embodied in the Act which had been a theme of debate before Donovan were the imposition of cooling-off periods and/or ballots of the membership in the event of major strikes.² The Act followed Fair Deal at Work (and not the harsher provisions of A Giant's Strength) in not making these automatic requirements before any major strike, but giving the Secretary of State the right to ask the National Industrial Relations Court to impose such provisions. In so doing he had to demonstrate to the Court (1) that the proposed strike threatened grave injury to the national economy, national security, a serious risk of public disorder or dangers to life or of disease and injury, and (2) that there was evidence that the measures called for would help avoid a strike.³ Although this constituted a moderation

1. ibid, Secs. 58,59.

2. ibid, Secs. 138,141,143.

3. ibid, Sec. 138(1).

of the 1958 proposals, it raised important issues, since the judgement that a particular strike endangered the national interest clearly involved a political assessment and thereby jeopardised the depoliticisation of industrial conflict which it was one of the main purposes of the Act to pursue.

A major innovation in the Act in terms of the development of Conservative policy was the decision to retain the Commission on Industrial Relations which had been proposed by Donovan and established in 1969 by the Labour Government. The Act placed the Commission on a statutory basis and gave it a leading role in doing work for both the Secretary of State and the NIRC, carrying out research on bargaining units, conducting ballots, developing procedure agreements, working out models of good industrial relations practice and also performing certain conciliatory tasks. Fair Deal at Work had made use of the idea of a Productivity Board, as successor to the NBPI, to carry out some of these functions, but the role of the CIR was much greater. Partly it reflects Government acceptance of the complex technical (as opposed to legal), aspects of industrial relations problems, but there was also a point of more substantial importance. It marked a decision to enable normal voluntarist, conciliatory procedures to be tried before recourse to legal sanctions. At several points in the Act this role is given to the CIR.¹ At other times a similar pattern

1. For example, with reference to the imposition of a procedure agreement (Sec.43); the establishment of a sole bargaining agency (Sec.45); the resolution of union recognition disputes (Sec.52).

of 'conciliate first, prosecute after' entered the role of the registrar and the Department of Employment's conciliation staff.¹ This was not strictly the passive conciliation of the old Ministry of Labour, simply trying to help the parties to reach their own mutually acceptable solution. Rather it was the strategy of the Donovan Report, of active but voluntarist state involvement to pursue specific goals of industrial relations reform. As such, therefore, the important role given the CIR and other agencies marks a further step back from overall reliance on a policy of legal control.

The second major institutional innovation of the Act, the National Industrial Relations Court, was also an attempt at reconciling legalism with day-to-day industrial relations. The Court was quite separate from other courts of law and had its own, less formal procedures. However, it was equipped with all the powers of a normal court.² In an attempt to consolidate its position among industrial relations institutions, the Government made the NIRC the first court of appeal from most existing tribunals operating in the industrial relations field.³

Alongside the new court went a new class of offence. Nearly all the old Common Law liabilities which attended industrial relations issues were replaced by a new civil law offence of the unfair industrial practice.⁴ This term covered offences by employers against the rights of registered trade unions and individual workers and all offences by

1. ibid, Secs.82, 83.

2. ibid, Schedule 3 Part II.

3. ibid, Sec.114.

4. ibid, Sec.131.

registered and unregistered unions against members, prospective members, employers and third parties. For example, it became an unfair industrial practice to incite or threaten to incite workers to industrial action over a dispute against the terms of a legally binding agreement,¹ a union claim for recognition² or certain forms of sympathetic action.³ It became an unfair industrial practice for employers to dismiss workers except within conditions laid down in the Act,⁴ or for them to withhold from registered unions and their members various rights gained under the Act.⁵ In some instances an important motive in granting these rights was the avoidance of industrial disputes. (In this connection it is relevant that it was not unfair industrial practice to dismiss workers for striking⁶.) The Act provided carefully defined means whereby unions could secure certain carefully limited rights through the law courts rather than through industrial action, and in several instances it became an unfair industrial practice to seek to use industrial action as an alternative means of securing the same rights or rights to which legal entitlement was prohibited. At the same time, it has been noted that the provision of statutory rights for registered unions also served as an

1. ibid, Sec. 36(1).

2. ibid, Sec. 54,55.

3. ibid, Sec. 97,98.

4. ibid, Secs. 22-32.

5. ibid, Secs. 5,55(1).

6. ibid, Sec. 26.

incentive to unions to accept the liabilities of registration. Within the limits of these provisos (which indicate how the granting of legal rights to unions are not unequivocal examples of statutory support for subordinate interests), it is relevant to note that they did provide a set of rights giving some support to counter-vailing power even if at the expense of curtailing other, arguably more extensive, union powers.

Most relevant in this last category were provisions requiring employers to make certain information available (i) to workers on a regular basis¹ and (ii) to unions to assist them in bargaining.² The former might be seen as an extension of 'communications' policy as part of an involvement strategy, but the latter is clearly an aid to pluralism in employment relations. It was a continuation from the provisions of Labour's Industrial Relations Bill 1970 which had collapsed at the dissolution of Parliament for the general election. It is difficult to assess the full implications of the disclosure being made available from the Act itself, since the task of establishing the relevant material was delegated to the CIR.

A final aspect of the Act which should be emphasised when considering the extent to which it imposed on unions a liability to support managerial authority against unconstitutional strikers was its rejection of unions under the domination of employers, as in the case of many staff associations of white-collar workers. A union could not be registered under the Act unless it was financially and organisationally free from such domination.³

1. ibid., Sec. 57.

2. ibid., Sec. 56(1).

3. ibid., Sec. 67.

Fair Deal at Work had proposed the establishment of a Code of Industrial Relations Practice to accompany an Industrial Relations Act, and such a document was introduced alongside the Act. The purpose of the Code¹ was to set down what the Department of Employment considered to be the responsibilities of employers, workers and unions in securing the harmonious operation of a system of collective bargaining.² The Code had no statutory force, but it had a legal status higher than that of the usual exhortatory Ministry of Labour pamphlet in that it was provided for in the Act, made the subject of a Parliamentary Order, and could be quoted as evidence in court in cases brought under the Industrial Relations Act.³ An analysis of the Code therefore provides a useful complement to a study of the strategy of the Conservative Government embodied in the Act.

A Consultative Document on the Code was published in June 1971,⁴ and the final version did not appear until the following year. Since strictly speaking this falls outside the time period covered in this study, attention will be concentrated on the Consultative Document, though there will also be discussion of the changes made in the final

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1. Dept. of Employment Industrial Relations Code of Practice (London, HMSO, 1972).
 2. ibid, Introduction.
 3. IRA, Sec. 4.
 4. Department of Employment, Code of Industrial Relations Practice: Consultative Document (London, HMSO, 1971).

version. The document was highly managerialist in its identification of management as the group primarily responsible for the conduct of industry, following the Donovan Report in this identification of management as the group which should be responsible for the major initiatives in all fields of industrial relations.¹ It developed a very similar line of thought to the NBPI in advocating clear, rational managerial hierarchies,² and payment systems which reflected this, being rooted clearly in differences of skill and responsibility, controlled as systematic structures by management and making use of scientific techniques.³ It further followed the NBPI and the productivity bargaining movement in advocating various measures which would improve workers' sense of security, purpose and unity within the objectives of the firm, including proposals for the reduction of status distinctions between white-collar and manual workers.⁴ It placed considerable emphasis on good communications, consultation and various techniques for what has been called here and was called in the document securing the 'involvement' of workers in their firms.⁵

This strategy was however set in a context where trade unions played an important role. Of course, this implied unions as tamed by the Industrial Relations Act, but it is notable that the document

1. ibid, paras. A1, B1.

2. ibid, para. A4.

3. ibid, paras. B12, 13.

4. ibid, paras. B14-17, 20, 21.

5. ibid, paras. B18, C1-3, 6, 7 (especially C3b).

avoided any attempt at distinguishing between registered and unregistered unions.¹ It accepted collective bargaining and the existence of a limited kind of conflict of interest,² advised employers to come to terms with unions and even to encourage their employees to participate in them,³ and also set down some guidance other than that in the Act on the kind of information which should be given to unions to assist them with bargaining.⁴ The major emphasis of the section on bargaining, like that on pay structures, was on order and stability. The document recommended precision and the formulation of written agreements, care in defining a bargaining unit and detailed procedures which ensured the postponement of industrial action until the very last resort.⁵ Unions were accepted and encouraged but they in turn incurred a responsibility for seeing that their members pursued industrial peace.⁶ Similarly, it was proposed that shop stewards should be recognised and provided with adequate facilities to do their work, but at the same time that their activities should be carefully defined and limited,⁷ and that they too had obligations to see that the men they represented kept to their agreements.⁸

1. ibid, page, first footnote.

2. ibid, Section D

3. ibid, para. A6c.

4. ibid, para.D 29.

5. ibid, para.D 16, 20,24,25.

6. ibid, para. A 8,9.

7. ibid, Section E.

The revised Code, published after consultation with the interests concerned, followed substantively the same lines as the Consultative Document, though there were many changes in the precise wording. These changes did include one important change of policy emphasis if not of policy itself. The heavy managerialism of the earlier document was relaxed, management's 'primary responsibility' being retained but placed more firmly in the context of collective bargaining and joint agreements with workers.¹ For example, a paragraph in the Consultative Document on employment policies read:

"Clear and comprehensive employment policies, and in particular soundly based payment systems, are essential to good relations between management and employees. Management is responsible for developing and maintaining them."²

The equivalent section in the Code said:

"Management should initiate and accept primary responsibility for clear and comprehensive employment policies. But they should be developed in consultation or negotiation, as appropriate, with employee representatives."³

These verbal changes were supported by some more substantive points.

Overall the Code placed more emphasis on bargaining relations; there was more detail on the kind of information which should be disclosed to workers and unions;⁴ and the section on facilities which should be extended to shop stewards was expanded.⁵

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1. Industrial Relations Code of Practice, paras.1-3;11;37(iii) Contrast with paras A1ff; A8,9; and B12,13 in the Consultative Document.
 2. Consultative Document, para.B1.
 3. Code, para.25.
 4. ibid, paras.54-64.
 5. ibid, para.117.

Conclusions

Having considered both the Act and the Code it is now possible to summarise the Conservative Government's industrial relations strategy up to August 1971 strictly according to the terms of our framework. The authority source was clearly that of management, together with the authority of collective agreements. The Act marked no particular shift in the balance of law in recognising the prime role of the employer, but the Code went much further in spelling out a doctrine of managerial control also encountered in the NBPI and the Donovan Report. However both the Act and the Code (especially as revised) accepted the second authority of the collective agreement, limiting management's prerogative and also imposing an additional constraint on workers and their representatives apart from the authority of the managerial hierarchy itself.

Employment relations: It was a central purpose of the Act and Code to replace indulgent patterns of management by firm order; procedures should be orderly and controlled; bargains once made constituted a firm authority for their duration, imparting stability to managerial power which could remain free from challenge. The Code commended these practices and the Act provided a legal guarantee for them. Perhaps a slight exception to this stress on order might be perceived in the Act's provision for voluntary conciliation as a prior solution to legal imposition. Much would of course depend on the guidelines developed by the Department of Employment to determine whether a voluntary solution was acceptable. Were these to permit the pursuit of whatever solution produced an accommodation between the parties, there would be a return

to something of the indulgency of the Compromise; were strict guidelines to have developed however the emphasis on order would have been intensified.

The policy marked an important shift from strategies of separation to those of involvement. This does not emerge from the Act, which had no provisions relevant to this dimension, but it was a prominent part of the Code as has been discussed above. It was clearly the strategy of the authors of the Code that industrial relations would be improved if employers and unions did not maintain their traditionally distant relations, but if workers were involved in their firms, encouraged to find intrinsic interest in their work and kept informed of affairs affecting the organisation.

In theory the Act marked a distinct increase in the monism of power in industrial relations by considerably reducing the circumstances in which workers could take industrial action and thereby exercise counter-vailing power. Certain constraints were also imposed on employers' powers in industrial conflict; in the cases of both workers (or unions) and employers the exercise of autonomous power was partly replaced by legal rights. But it has been clear from the foregoing discussion that the overall weight of the changes was to reduce workers' power to put pressure on employers or at least to limit it to specific periods, forms and circumstances. On the other hand, it needs to be stressed that the shift to monism was far from absolute. The right of any group of workers to strike was retained, if hedged around with difficulty, and more important there were important extensions to unions' counter-vailing powers: the possibility of securing a legal right to recognition, the right to disclosure of information in the course of bargaining, the right of workers to participate in union

activities without victimisation from employers. Admittedly, most of these rights were limited to registered unions and often amounted to lesser rights than those which many unions had been able to achieve through their own bargaining efforts, but they cannot be dismissed entirely; and the proposals of the Code which extended unions' bargaining role, although not statutorily backed like those in the Act, did not distinguish between registered and unregistered unions. The summary of changes on this dimension therefore has to be that there were at the same time a major shift towards monism and certain limited extensions in pluralism, these occurring within the context of the major shift towards order on dimension A.1 already discussed.

There was no attempt at entirely eliminating the resolution of conflicts through clashes of interests, and these were explicitly recognised in the Code, but there was in the Act itself an important attempt to turn the British industrial relations system into one based on established rights. The main instrument for this was the concept of the unfair industrial practice, which replaced in several conflict areas resolution ^{through} a clash of industrial strength by a list of clearly defined and prescribed rights, contained within the overall ethical concept of fairness.

The role of the state: As has been indicated and must now finally be summarised, the role of the state was complex; complexities inherent in the attempt to re-introduce a laissez faire view of the state alongside an intensification of state intervention. Ignoring (until chapter 13) the immediate political difficulties of introducing a law of this kind as an attempt to depoliticise industrial relations, there are further interesting paradoxes. That the Act increased the level of

legal coercion is not in doubt, and in some respects, such as the heavy reliance on civil law, the state's role was unambiguously passive in the actual implementation of this coercion. However, the following aspects suggest an active role for the state:

- (i). the central role for the Secretary of State in applying for cooling-off periods, strike ballots, and in initiating action leading to the imposition of procedure agreements;
- (ii). the role of the registrar (as the state's agent) in overseeing the conduct of trade unions;
- (iii). the NIRC as a novel and distinctive court which could not be interpreted as conforming strictly to the usual division between political and legal (it was set up to administer this one controversial Act; its procedures mixed industrial relations and legal criteria, and its first President, appointed a judge specifically to this court, had been one of the authors of A Giant's Strength);
- (iv). the role of the CIR as a highly interventionist state agency, working for both the Secretary of State and the NIRC (though it is interesting to note that the CIR's work was largely non-coercive, an instance of the pattern of active but non-coercive state action which contrasts with the opposite combination pursued by other aspects of the Act).

It is important also to note that several of these examples of state activism imparted a degree of flexibility and scope for compromise into the system which a rigid and pure system of civil law could not have afforded. The main alternative to the Secretary of State's intervention in cooling-off periods and ballots would have been the compulsory use of such devices in all disputes; the distinctions between the NIRC and orthodox courts stemmed largely from recognition of the difficulties of subjecting the important conflicts of interest of industrial relations to formal legal procedures; and as the foregoing discussion has shown, the CIR was used as a means of asserting non-coercive, voluntarist reforms.

Organisation of labour: The Act obviously treated labour as primarily collective by giving such a distinctive role to labour's organisations. The Code went further in its positive encouragement of union membership for all grades of workers. However, at the same time it was an important aspect of the Act to protect the individual who did not want to become a union member. The closed shop and other forms of compulsory unionism were hedged around with severe legal difficulties, and it became an unfair practice to discriminate against any worker for non-membership of a union. This distinction between the Act's reliance on collectivism for several of its purposes and its emphasis on protecting the individual from the collectivity for others was an important characteristic of the policy, and it has been traced here in Conservative thought from A Giant's Strength onwards.

Where labour was collectivised, the Act marked an important shift to heteronomy in that unions, registered and unregistered, acquired a legal responsibility to protect employers from pressure from their members. The Code expressed a similar view of unions' role in more muted terms. To set against this tendency there were two important defences of union autonomy:

- (i). the liability to discipline the work force was principally imposed only in the context of a legally binding agreement (biased towards these though the system was) and possibly also within the rules for registered unions alone;
- (ii). the Act set itself against purely heteronomous organisations in the form of employer-dominated associations.

Registration constituted a striking example of how workers' organisations could become legal entities, deriving all their rights and powers from statute, as opposed to social entities wielding powers derived from their own resources. However, the fact that registration was voluntary, even if in the context of heavy pressures, marked a surviving role for the traditional form of unionism, particularly since the elements of its right to strike were preserved.

Pay determination: There was nothing in the Act itself on pay determination, but a little in the Code. As has been noted, this followed similar pattern to the philosophy of the NBPI: a stress on objective criteria of determination, and systematic administered structures of pay. There was nothing relevant to the growth versus redistribution dimension.

The profile resulting from this summary is given in Table 10.1. It is reasonable to define it as a strategy of managerial corporatism as that term was used in chapter 9, but a doubt persists over the nature of the corporatism: private, voluntarist or statist. As stated in the earlier discussion of Fair Deal at Work, it can in several aspects be described as state-supported private corporatism. However, the clear shift to unions as legal entities under the registration provision and the elements of state activism which have been pointed out make this insufficient. It is possible to capture the particular ambiguities over the state's role in this strategy by describing it as something more statist than private corporatism, but less statist than full state corporatism.

Finally, recognition must also be given to the various exceptions from the corporatist profile. Apart from the singularities of the role of the state and the particular case of the guarantees of individualism, most of these exceptions constitute gestures towards liberal collectivism and the Compromise, as the foregoing summary has stressed. To some extent the value of these concessions is difficult to determine from the Act itself, and its subsequent history was not of a kind to permit any more detailed examination. Whether the Act and Code would in practice have leaned increasingly in a corporatist direction after an initial period of compromise, or whether the elements of compromise would have encroached increasingly on the formal legal provisions has become a hypothetical question. All that can be stated is that the Industrial Relations Act, as the culmination of a process of lobbying lasting over a dozen years, represented a development far more

complex than a simple re-assertion of order alongside depoliticisation in industrial relations; and that in doing so it also accommodated itself to important elements of the strategy of Compromise which it sought to replace.

TABLE 10:1

Strategies embodied in the Industrial Relations Act 1971

and the Code of Industrial Relations Practice 1972

Authority tendency: management, supported by collective agreements

A.1	Order	(slight element of indulgency in stress on voluntary accommodation)
A.2	Involvement	
A.3	Monism	(some safeguards and extensions of pluralism)
A.4	Rights	(some continuing acknowledgement of conflicts of interest)
B.2	Activism	but formal pattern of passivism
B.1	Coercion	(important elements of non-coercion in policies of institutional reform)
C.1	Collectivism	but protection of individualism against workers' collectivities
C.2	Heteronomy	(Some safeguards for continuing autonomy)
C.3	Legal entity	(survival in changed circumstances of collectivities organised as social entities)
D.1		Objectivism
D.2	Administration	
D.3	System	
D.4	-	

PART III:

THE FATE OF THE POLICIES

CHAPTER 11

THE FIRST CHALLENGES TO

THE COMPROMISE, 1956-64.

In Part II the detailed content of the major policies which challenged the industrial relations compromise have been analysed. It has been shown that a model of corporatism, in its various forms, is of some value in interpreting the new patterns of relations towards which the strategies of the state under both Conservative and Labour Governments were moving in the period 1956-71. But in subjecting individual policies to detailed analysis, largely abstracted from their historical context, we have been unable to give an accurate indication of the conflicts and tensions in the development of the policies over the years, and of the relative success or failure enjoyed by governments in the pursuit of their objectives. This is a particularly important task to perform, since historical development has shown no simple path from liberal collectivism to corporatism, but a complex series of oscillating moves and the emergence of further different patterns of relations resulting from the clash between state objectives and the responses of industry and organised labour.

It is therefore now necessary to attempt an historical review in order to demonstrate these processes. The objective here is not the precise reconstruction of the motives of actors in order to determine the causes of developments, but a sociological interpretation in line with the approach adopted so far in this study,

following the analysis in chapters two and three of the structural constraints predisposing towards strategies of various kinds. Causes will be treated broadly and generally in terms of the salient factors in the macro-economic and political situation, and not in terms of the clashes of personality between different Ministers or detailed political manoeuvrings which might be the primary focus of an historical or political science study. Our main concern is with comprehending the kind of overall policy which emerged and the way in which it was moulded by the surrounding economic context and the major strategies of the relevant parties. A further limitation is that, as in the previous chapters, the main focus will be on the actions of the state and (an element neglected in previous chapters) on the conflicts within and between the major political parties as politicians tried to accommodate the new policies on which they were embarking to their familiar stances and ideologies. The actions of employers and organised labour will be considered mainly as factors affecting the state's actions rather than being analysed for their own sake in detail.

An important final task of this analysis will be to relate the industrial relations developments to the wider context of class relations within which this study is located. This will be tackled directly in Chapter 14, but at this point it will be useful to set out the general context within which the events analysed in this and the following two chapters are set.

In the terminology of chapter two an essential characteristic of a classical capitalist mode of production is that the demands of subordinates are restrained by either positive or, much more

importantly, negative market sanctions, enabling political and ideological factors, not to disappear altogether, but to retreat to a background role. The classical pattern is rarely found in the pure form, even in the heyday of laissez faire, but it has remained an important touchstone for capitalist interests, which have shown reluctance at each new step in the re-engagement of the state and of ethical criteria. A particularly important episode in the development of more complex patterns of relations was the shift to Keynesian economic policies during and after the Second World War, involving Government commitment to the maintenance of near-full employment. This not only meant a once-and-for-all increase in state involvement in industrial affairs, but also marked a dramatic shift within capitalist economic relations from reliance on the primarily negative sanction of unemployment to the predominantly positive one of continued economic growth and mass prosperity.

This development reduced the recurrent crisis, instability and accompanying social tensions which marked earlier periods of capitalism and their highly antagonistic class relations, but it imparted a new instability with the constant risk that the rate of growth would prove inadequate to restrain expectations of improving standards of living, such expectations no longer being held in check by high unemployment. If growth failed there would be no 'headroom' of increased wealth with which labour's aspirations could be met, with the consequent possibility of a renewal of conflicts of class interest at a time of labour strength. In that situation there are three strategies available to interests concerned to preserve the framework of capitalist relations: (1) most simply, a move away from Keynesian policies, allowing unemployment to rise; (2) the employment

of other, novel sanctions to buttress the inadequacy of solely economic constraints - primarily the use of state power, attempts at securing ideological solidarity, or changes in the role of labour's organisations so that they act as a restraining force on labour's aspirations; or (3) absorption of labour's demands by price increases - in other words inflation. Whether inflation in any period is the result of cost-push or demand-pull factors is of course a major debate among economists. This does not affect the central fact that were labour to behave like an ordinary commodity action against inflation would be greatly simplified, whatever its causes. Inflation can here be seen to serve as a form of spurious economic growth, providing the 'headroom' within which labour's economic demands can be met without challenging the overall class distribution of income.

It must therefore be noted, for the purposes of later analysis, that inflation functions initially as a source of stability, a form of safety valve against the pressure of demands. It is also a particularly appropriate form of defence against subordinates' demands in so far as these are expressed through trade-union bargaining activity. Bargaining challenges the logic of capitalism in that it erects criteria for income determination other than those of the pure market, even if it takes advantage of market factors in so doing. But its energies are concentrated at this narrow level of seeking income increases for particular fragments of organised labour; its demands are neither class wide nor do they challenge the overall relations of production or the political system. (There has also been in Britain some challenge at the level of job control, but this too has been concentrated at low levels of workshop action, not

contesting the overall distribution of power in industry; and has been a form of action to which managements operating in a relatively soft economic context were prepared to turn a blind eye.) The inflationary process therefore, provided it remains at modest levels, and is accompanied by sufficient growth reasonably to satisfy most of workers' aspirations, is able to divert the conflict over the division of resources away from the area where organised labour can be effective - the wage-bargaining situation - to areas inaccessible to typical union action.

Between 1956 and 1971 British governments made use of all three of the ^{above} strategies for coping with ^{the} failure of growth to accom^modate workers' demands which was an important element of the country's slow level of economic development. In the early years policy oscillated between the first and the third options - temporary incre^ases in unemployment and modest levels of inflation - and throughout the period governments, particularly Conservative ones, returned to that formula as the conflicts engendered by the battery of measures involved in the second option became too intense. However, the main historical development of the period is the emergence of these measures, as previous chapters have described.

These policies have clearly involved challenges to the Compromise, as has been argued here, but it must also be noted that the strategy of increasing unemployment would, if pursued strongly, also breach a crucial aspect of the Compromise. In contrast, pursuit of a modest level of inflation, coupled with periods of growth and improving productivity, enabled its institutions to survive intact. Government and employers were happy with this because it involved little conflict and little state interference in industry, and this

was reciprocated by the willingness of trade unions and workers to pursue as their central objects economic gains and the maintenance of full employment. That combination of motivations among the representatives of dominant and subordinate interests provided the main constituents of the post-war compromise in both industrial and wider class relations.

But of course, while providing a safety valve at one level, inflation was itself a source of difficulty at others. To the extent that increased prices further intensified wages pressure there were dangers of a 'vicious spiral' which would not at all help to accommodate demands; and inflation could also have implications for the country's balance of trade and for the state of sterling on international markets. It has been at moments when inflation has been involved in crises at these levels that governments have at least temporarily withdrawn their connivance at inflation. In this chapter the first two of these crises within the period under study are analysed: 1956-7 and 1961.

THE CRISIS OF 1956-7.

The growth of mass prosperity became a major theme of Conservative politics in the 1950's, providing not only a form of positive market sanctions but also an ideological legitimation of existing economic arrangements (not to mention its importance in generating what was called in Chapter I the '1950's theories' of the erosion of class conflict). If the society could be united in its pursuit of prosperity through industrial efficiency, the class barriers of the past need no longer divide it, it was argued. This theme acquired a famous reference point in 1957 when the Prime Minister, Mr. Harold Macmillan, declared 'you've never had it so good', words which were quoted back at him by Labour spokesmen during every economic crisis for several years afterwards. It is important to note that at the very time of that statement the first crisis was already beginning. This combination of confidence in the new prosperity and anxiety about its future prospects under the Compromise could be seen in remarks made by Macmillan in a debate on the economic situation only a few days after the famous speech itself. He defended his statement by recalling the unemployment of the inter-war years, but went on to say:

In present conditions, when full employment exists, it is those who have labour to sell, whether of hand or brain, who have the greater bargaining strength. I will venture to say to them that since they have this increased power they must also, and I feel sure that they will realise it, have increased responsibility. We believe in freedom, and we have done a great deal to restore it, but freedom does not mean licence, and rights involve responsibilities.¹

In fact, there has been no prolonged period of trouble-free

1. Hansard, 1957, vol.574: Col.725

prosperity in which the Compromise has flourished without tension throughout the post-war years. Immediately after the War the Labour Government maintained strong wartime controls over industrial relations; from 1948 to 1950 it operated a voluntary incomes policy; and in 1952 there was conflict between the unions and the Conservative Minister of Labour over his intervention in certain Wages Council awards.

The crisis of 1956 itself had roots early in the previous year, when the Government began an attempt to secure price and wage restraint through modest use of a device which was in later years to become a constant feature: talks with employers and unions to secure a policy of voluntary restraint. At this stage the talks were not even tripartite. According to Dorfman's account of the Government's strategy,¹ the Conservative Government realised that it had little chance of initial close collaboration with the Trades Union Congress, so first approached private employers and the nationalised industries to secure agreement on price restraint. A Budget favourable to industrial interests was introduced as part of this plan. Having secured certain assurances the Government approached the unions and suggested to them that the recent spate of price rises had now reached a 'plateau' and that restraint on wage claims could further assist this process. The TUC (angered by the Budget referred to) responded that restraint was only possible in the context of policies of social justice, and that in the meantime the unions would pursue a policy of unfettered collective bargaining. That formula (which Dorfman attributes largely to

1 G.A. Dorfman, Wage Politics in Britain 1945-1967: Government versus the TUC (Ames, Iowa State University Press, 1973), ch.5.

certain individual leaders within the trade-union movement¹) will recur throughout this and the two following chapters. For the present it is necessary only to consider the Government's response to it. It largely abandoned this hesitant stillborn attempt at tripartite collaboration and turned to less involved orthodox measures. In May the Chancellor of the Exchequer (Mr. Harold Macmillan) attacked trade unions as being largely responsible for Britain's current problems,² and later that year the Government published its White Paper The Economic Implications of Full Employment³ which for the first time since the War questioned the priority of full employment among the Government's policy goals, in comparison with that of price stability. But the document had little to offer in terms of specific Government action. The Government had been unable to secure agreement with the TUC, but feared any major initiatives which would breach its limited understandings with the unions, opening the possibility of conflicts of pre-war dimensions.⁴

Instead, apart from promising to pursue restraint in the public sector, the Government threw the burden of a policy of restraint on the employers, exhorting them to resist excessive wage claims, and made some attempt at seeking popular support by producing a simple version of the White Paper for mass distribution. The extreme

1 Ibid., pp.84,85.

2 Speech by Harold Macmillan, Newcastle-Upon-Tyne, May 25, 1956.

3 H.M. Government, The Economic Implications of Full Employment, Cmnd.9725 (London, HMSO, 1956).

4 Dorfman, op.cit., p.91.

caution of these steps should be noted. The Government was seeking at all costs not to intervene directly in conflictual relations: by acting directly on the public sector alone it could claim to be acting as an 'employer'; simply providing by administrative action a discipline similar to that achieved by the price mechanism in the private sector. Where the latter was concerned the Government was merely asking employers to use 'determination' as a substitute for the negative market sanctions which would be provided by high unemployment. There was also an attempt at an ideological appeal, calling on everyone to stand together in the national interest.¹ No sanctions or detailed policies were produced to support this appeal.

The White Paper had no significant effect on the wage bargaining process until in 1957 the engineering and shipbuilding employers withstood major national wage claims.² Protracted strikes followed. At first the Government followed its new policy and withheld the offices of the Ministry of Labour's conciliation services, though never at any moment diluting its formal commitment to conciliation or voluntarism.³ As the strike lengthened the Government switched back to its policy of conciliation, put pressure on the employers to settle, and appointed a Court of Inquiry which eventually awarded the workers an increase.

1 One Government back-bencher (Sir Cyril Osborne) went so far as to advocate a 'Minister of Propoganda for Economic Affairs ... who will work closely with the TUC economic committee ...' (Hansard, 1956, vol.562, col.1557).

2 A detailed analysis of this episode, on which this account draws heavily, is H.A. Clegg and R. Adams, The Employers' Challenge (Oxford, Blackwell, 1957).

3 Hansard, 1957, vol.567, col.33ff (statement by Mr. I. Macleod, Minister of Labour).

As discussed in chapter four, an important element in the institutional segregation of industrial conflict in Britain has been the convention that an inquiry into a dispute should be free from Government intervention and should consider a particular dispute 'on its merits'. The engineering inquiry did this, but in its report the Court expressed concern that there had been no means whereby it could have taken into account the 'national interest'; it recommended the establishment of an impartial body which would be able to pronounce on this national interest and to which negotiators and arbitrators could have reference.¹ Such a formulation would mean a very slight move towards the politicisation of disputes, in that any formulation of a national interest is an essentially political task. However, the implications of this were firmly limited by the insistence in the proposal that the body be independent of government and that negotiators and arbitrators would be under no obligation to take note of it. The Government's response was to appoint the Council on Productivity, Prices and Incomes whose work was reviewed in chapter five. It can be concluded from that discussion, and from the terms of the Council's appointment, that this initiative (like the Government's eventual treatment of the engineering dispute) was hardly a major departure from the Compromise strategy. Announcing its establishment the Chancellor of the Exchequer, Mr. P. Thorneycroft, made clear its limitations, and the Government's basic commitment to liberal collectivism:

¹ Reports of Courts of Inquiry into the disputes in the engineering and shipbuilding industries, Cmd 159 and 160 (London, HMSO, 1957)

The Council is not there to arbitrate. It is not a wages court. It is not concerned with specific wage claims or disputes ... Its purpose is to survey past experience and to deduce from it some guidance for the future.¹

Having been unable to secure an agreed policy with the TUC the Government was now trying to secure some of the results of a laissez faire strategy without actually erecting the institutions which would provide the constraint essential to this. It challenged neither full employment nor the role of autonomous workers' organisations. Within the public sector it would (with some compromise) itself apply the discipline of market constraints, but elsewhere it was relying on an essentially ideological commitment: on the willingness of people to act according to certain rules without legal or economic constraints imposing that action on them. Even these limited steps were seen as a threat to the Compromise by the TUC. Its initial response to the Cohen Council was suspicious, though not outrightly hostile. In July the General Council 'noted' the proposal to establish the Council, but reserved its position, claiming that the Government's general social and economic policies did not make possible a voluntary agreement on prices and incomes, and asserting the need for unions in this context of a free market to use their full collective bargaining strength.²

The major sterling crisis of September 1957 led to more substantial action. Monetary and other measures to reduce demand were introduced; the Government intensified its resolve to resist pay

1 Hansard, 1957, vol.574, col.6501.

2 Statement of TUC General Council, reported in the council's annual report to Congress in TUC Report 1957 (London, TUC, 1958), p.284.

claims in the public sector; and arbitrators were asked to have regard to the economic situation.¹ In the following months Ministers over-ruled various settlements achieved through the established machinery in the public sector. In 1958 the policy of public-sector resistance came to a head in a notable confrontation with the Transport and General Workers Union over a pay claim for London busmen.² The union's claim was a complex one concerning internal differentials, and in the course of the dispute the busmen rejected an arbitration award on the grounds that they suspected government interference. There was a prolonged strike, and the Labour Party identified itself heavily with the union. The Government refused to compromise and the strike ended without the busmen securing much of their claim. Very soon after, however, in a long expected further confrontation with the railway unions the Government adopted a conciliatory posture.

These departures from the Compromise were all of a highly orthodox kind, seeking simply to reduce the counter-vailing power of labour through negative market sanctions or their equivalents. The main policies were a higher level of unemployment, resistance to public-sector pay claims, and attempts to influence arbitrators. The first was a straightforward market policy. The second and third tried to re-create market sanctions in economic contexts where they did not naturally apply. By 'standing firm' in the public sector Government believed it could produce the same constraints there which existed in the private sector through competition; and by calling on

1 Hansard, 1957, vol.575, col.46ff (Mr. Thorneycroft, Chancellor of the Exchequer).

2 Details of this confrontation will be found in V.L. Allen, Trade Unions and the Government (London, Longmans, 1960).

arbitrators to have regard to the 'national interest' it was trying to insert similar criteria into the work of institutions normally governed by the central concern to find agreement and avoid conflict. However, there was at no time a thoroughgoing rejection of Compromise policies, none of the foregoing factors being pursued consistently. The rise in unemployment was never more than marginal. The commitment to the full-employment policy was too fundamental a part of the Government's overall strategy, though this issue was one on which the Conservative Party was very divided. In 1958 this became clear when the Chancellor of the Exchequer and his two junior Ministers resigned following the Cabinet's refusal to sanction further cuts in public spending. His successor commented:

... if actions are to be effective in promoting (the aim of beating inflation) they must be considered by people generally as reasonable, sensible and fair.

The policy of standing firm in the public sector was pursued only intermittently (for example, the railway settlement shortly after the LTE dispute). In these public-sector disputes and in others the Government continued to place a high priority on the avoidance of prolonged strikes, the abstention of the state from political entanglement, and successful conciliation. In particular an attempt was made to maintain the reputation of the Ministry of Labour as an impartial mediator. Even if on occasions these affirmations were denied by the facts, it remains noteworthy that at this stage (in comparison with later periods) the Government was concerned to express its continued faith in the policies of the

1 Hansard, 1958, vol.580, col.1269 (Mr. H. Amery, Chancellor of the Exchequer).

Compromise for the same reasons which had guided Conservative policy since the War:

This is what I believe. It would be disastrous if we got into a state of civil war in industry. It would be disastrous if there were to be a trial of strength to see whether the union funds or our currency would crack first. In such a senseless struggle there would be no victors, and only our competitors would gain. Such thinking is utterly out-of-date.

I believe this too: In this country we have lost our sense of perspective over strikes and we exaggerate their importance.¹

Similarly, the Government's interference with arbitration and wages councils was hesitant and sometimes reversed; in fact, during the relative recession of 1958 arbitration was an important source of wage increases.

A final element in the Government's strategy had been its attempts to reinforce sentiments of national solidarity. This hardly merits the name of an 'ideological' strategy, but it is interesting for the direction in which it sought action if not for its concrete results. The Government chose the shared interest in the pursuit of higher productivity as the basis of appeals: to unions to collaborate in the introduction of shift work, the ending of restrictive practices, and similar measures;² to the pursuit of the national interest over sectional interests;³ and to the fairness involved in avoiding inflation and restraining the use of bargaining power.⁴

1 Ibid., 1957, vol. 575, col. 258 (Mr. Macleod). See also ibid., 1957 vol. 563 col. 825, vol. 566 col. 85ff; 1958, vol. 581 cols. 1375, 1379, 1415, 1416 (all Mr. Macleod).

2 Ibid., 1957, vol. 575 col. 338 (Mr. Thorneycroft).

3 Ibid., 1958, vol. 580 col. 1273 (Mr. Amory).

4 Ibid., 1957, vol. 577 col. 809 (Mr. Maudling, Paymaster General).

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The Ministry of Labour contributed to this process two booklets on Positive Employment Policies and Communicationsⁱⁿ Industry.¹ These stressed familiar themes of improved welfare, advance notice of redundancy and various schemes for encouraging the identification of workers with their employers. Conservative MPs also urged policies of joint consultation² or co-partnership schemes³ as means of transcending industrial conflict. Modest though the proposals of the kind in Positive Employment Policies might seem,⁴ some Government supporters invested them with great potential:

Too often management ignores the basic necessity of keeping all ranks fully informed on matters which will stimulate interest in the work and foster a true spirit of co-operation.

I welcome the Minister's announcement some days ago that he was about to publish a booklet giving examples of the best sort of positive employment policies, which would cover such things as status, benefits, contracts of service and redundancy policies. I hope it will not be long before we have this document. It will be a notable step forward in achieving some of the things for which many of us on this side have striven for many years.⁵

These ideological policies hardly constitute a departure from the Compromise, partly because they were so weakly pressed, and partly because of the ambiguities of liberal collectivism on the degree of difference and unity among the parties. However, to the extent that the attempted pursuit of a joint 'national interest' was successful it would serve to encourage involvement, reduce union

1 London, HMSO, 1958 and 1956 respectively.

2 Hansard, 1957, vol.568 col.2128 (Mr. R. Carr, Parliamentary Secretary, Minister of Labour).

3 Ibid., 1958, vol.594 col.28 (Mr. R. Gower).

4 The strange tendency to expect great changes in workers' attitudes resulting from modest welfare schemes is commented on in A. Fox, Beyond Contact: Work, Power and Trust Relations (London, Faber, 1974), pp.148,9

5 Hansard, 1958, vol.581, col.1395,6 (Mr. J. Rodgers).

autonomy, and reduce conflicts, particularly those of interests. Were this to have been pursued strongly it would have held implications for liberal collectivism.

The recession was followed by a return to boom conditions in preparation for the 1959 general election. Although the Conservatives emerged from that election with a massive majority, they did not take advantage of that in order to pursue attacks on the unions or the Compromise, with one exception. One device which had been important in securing income increases in the recession had been the Industrial Disputes Order, a survival from the war-time system of compulsory arbitration which made provision for binding arbitration in a dispute on the application of either party. Employers claimed that the system operated in the unions' interests, since there were no effective means for enforcing awards against workers in contrast to the situation of employers. The issue was complicated in that several strong unions were opposed to compulsory arbitration, preferring to use their own bargaining strength, but overall the TUC sought the retention of the system. Shortly after the 1959 election the Government announced its intention to revoke the Industrial Disputes Order, a decision which was implemented in that session of Parliament.¹ It was as such a minor breach with Compromise policies. Apart from that, the issues raised by the crisis of 1956 and 1957 were temporarily stilled.

1 The issues at stake emerged clearly in the Second Reading debate, Hansard, vol.595 col.1155ff.

The Unions' Response.

The key element in the politics of industrial relations was the Government's relations with the unions. The relative passivity of industrial interests has been seen in the engineering dispute and the willingness to operate a degree of price restraint in 1955. In its relations with the unions the Government operated under severe limitations. It was not prepared to take any radical measures which might induce organisations of subordinates to support it, but on the other hand was reluctant to risk the limited understandings achieved under the Compromise. Dorfman sees union responses almost entirely in terms of the TUC's unwillingness to do anything to assist the national economy.¹ In this he underestimates the particular location in the society of representatives of subordinate interests and also fails to note the continuing moderation, avoidance of major conflict and preservation of a limited degree of collaboration which typified the unions' response under the Compromise. The Government tacitly acknowledged this situation by not imposing too much strain on that limited collaboration.

The TUC tried to evade the immediate issues by declaring that the Government did not deserve co-operation and that therefore they had no option but to pursue free collective bargaining. This was reaffirmed in Congress resolutions in 1956, 1957 and 1958.² In 1957 this took the form of a motion moved by Mr. Frank Cousins, General Secretary of the TGWU, which attacked policies of wage restraint

1 G. Dorfman, Wage Politics in Britain, p.94-6.

2 TUC, Reports: 1956, p.528; 1957, p.434; 1958, p.432.

which did not affect profits as well as wages, and called both for the maintenance of the present system of free collective bargaining and the return of a Labour Government. He criticised the proposed Council on Productivity, Prices and Incomes on the grounds that it could do nothing useful if it were not to attack the Government for its policies. 'We do not need anybody to tell us how to divide the "cake" unless they are also going to tell us how to control those who in their turn control the size of the "cake".'¹ Nearly all the speakers in the debate agreed with Cousins, the only significant dissenting speech coming from Mr. Fred Hayday, National Union of General and Municipal Workers, who drew attention to the lack of collective bargaining power in some industries and to the irrelevance of the 'profits' issue in disputes with the nationalised industries.²

The TUC's commitment to the existing institutions of negotiation and arbitration was absolute, seeing such developments as Government advice to arbitrators as a gross interference. They similarly rejected any hint of a return to a policy of high unemployment.³ The TUC gave reluctant co-operation to the CPPI's first inquiry, but after the Council produced its first report, placing reliance on monetary measures, the TUC refused all future co-operation with it.⁴ The 1959 Congress was sufficiently concerned at the drift away from a full-employment policy to call for a special report on the subject for the following Congress from the General Council. This Report⁵

1 Ibid., 1957, p.436.

2 Ibid., pp.440, 441.

3 Statement of TUC General Council, General Council Report, TUC, Report, 1958, p.274.

4 General Council Report, TUC, Report, 1958, pp.280-1.

5 Published in TUC, Report, 1960.

saw the 1956 White Paper as the major turning point in the decline in the full-employment commitment. After that, 1957 had witnessed further deflation and a rise in unemployment. From this point the document identified a determination by Government to act on the level of employment to resolve all economic crises whether internal or external. It was this new level of unemployment which the document saw as responsible for the admitted success of the Government's wage-restraint policy. The report also traced a history of increasing interference by Government in industrial relations and claimed that this would have deleterious effects on industrial peace. But the TUC still pursued a subordinate strategy of liberal collectivism; it neither sought a major political challenge nor ignored entirely the problems of Government in combating inflation.

It is important to consider the full context of these responses by the TUC. The bargaining activity for whose freedom it fought so determinedly continued, as outlined in chapter four, to operate at a relatively unambitious level, seeking minor percentage increases in wages. In defying Government attempts at restraining wages the unions were not making an aggressive challenge, but simply defending existing practice. And the TUC never lost sight of its usual strategy of engaging in a dialogue with Government. Originally they had given evidence to the CPPI, and even in its hostile response to the 1957 crisis the TUC had kept open the door to reconciliation.

A further problem for the unions at this time was the danger of strikes becoming political because of the new level of Government involvement. Although the TUC attacked the Government for creating

this situation, it backed down from rising to the challenge. This was evident in the General Council's response to the 1958 bus strike. A predominant fear of British unions has long been an amalgamation of industrial and political conflict, and even in an instance where the initial breach of this division had been made by Government, the majority of unions felt the need to restrain themselves. Throughout the dispute the TGMU had called on the TUC and other unions to regard their dispute in the same light as the Government was regarding it: as a test case which would affect the interests of all unions' pay claims.¹ But there was little response to this appeal. When the TUC General Council met in May to consider the strike it confined itself to issuing a statement condemning the Government for its policy of undermining the standard of living and the impartiality of arbitration machinery.² In June the TGMU formally asked the TUC to widen the dispute by starting strikes in other industries. This was flatly refused, the General Council rejecting Mr. Cousins's view that the wages of all workers were dependant on the outcome of the outer London busmen's claim. The General Council was also fearful of provoking a direct conflict with the Government which the unions would be certain to lose. Similar themes emerged when the issue was debated at the Congress in September.³

In other words, trade unions held fast to what was called in chapter three a subordinate interpretation of the Compromise:

1 Mr. Cousins reiterated this view at the TUC Congress later that year (TUC, Report, 1958, p.432ff.)

2 Details of the General Council's moves are given in its Report for the 1958 Congress (ibid., p.130ff).

3 Ibid., p.332ff.

insisting on the role of pluralistic bargaining, straining to keep industrial conflict institutionalised and avoiding making any challenge to the overall social structure. And, as already noted, the Government accepted the limitations of that situation.

The Political Debate

In finally assessing the balance of political forces around the Compromise at this period of initial limited pressure, it is useful to consider the response of the two major political parties. Attention will be largely concentrated on Parliamentary discussion. For all the limitations on the adequacy of Parliamentary debate and the limited role of MPs in affecting policy, the Hansard record does provide the only day-to-day account of the responses of people not entirely remote from the policy-making process, and including spokesmen for both employer and union interests. Further, most of the alternative policies being bruited about become reflected in Parliamentary discussion, even if it does not provide an accurate insight into the balance of power behind the alternatives being pressed.

While the Government tried to hold the forces of Compromise and stronger market sanctions in some kind of balance, some currents of thinking among industrial interests were beginning to favour different measures. These were reflected in the views of several Conservative MPs, and found expression in their contributions to debates on industrial and economic issues. Although, with the exception of the Thorneycroft resignation,¹ these differences of view cannot be considered to have caused splits in the Government ranks, they do indicate areas of dissatisfaction with the balance being struck by Government policy. Three strands of opinion can be identified: those seeking simply a stricter return to market sanctions, those pursuing industrial relations law reform alongside a return to market sanctions, and those reaching towards some concept of incomes

¹ See the diverse views of Conservative MPs in the debate following the resignations (Hansard, vol.580, col.1267ff.)

policy. The latter two constitute important early gestures towards the strategies of major institutional change of the kind discussed in Part II.

The first group is interestingly distinguished from the other two by the unwillingness of its members publicly to criticise trade unions or support moral exhortations to restraint:

I do not in any way blame the trade unions for the wage rises. I think that if trade union leaders did not press for increases in wages at a time when they knew the employers would give way there would be break-away strikes and the moderate men would lose their authority. Therefore I have no confidence in that preaching to the trade union leaders or in the exhortations to them which have been made. To my mind, it rests firmly on the Government to see that there is such a balance between money income and national resources that excess demand is not there.¹

Such men were classic market liberals, trying to avoid awkward entanglements between the state, the economy, organised labour and ethical criteria, and hoping to do this through reliance on the impersonal non-interventionist mechanism of the level of employment.² They spoke in support of union autonomy, but interpreted this in terms of straightforward laissez faire terminology, though of course they were in doing so accepting a collectivised labour force. They assumed that a stricter monetary policy would compensate adequately for any advantages which labour could gain through its organisation, or else discounted organisational power as irrelevant when matched

1 Hansard, 1957, vol.575 col.587 (Sir A. Spearman). See also 1958, vol.587 cols. 1460-2 (Mr. Thorneycroft).

2 Ibid., 1957, vol.575, col.115 (Mr. D. Price) and col.300 (Mr. G. Nicholson).

against market constraints¹ (a view shared by the CPPI in its first two reports).

However, others who advocated a return to stronger monetary policies also saw a need for this to be supplemented by legal changes in the structure of workers' organisations and advocated² most of the policies brought together in 1958 in A Giant's Strength.³ In this they were influenced by the macro-economic factors which have been considered here so far, but also by evidence in other aspects of industrial relations which caused them disquiet. The late 1950's saw a rise in unofficial strikes in certain industries,⁴ while in others it was considered that militant leaders, or Communist agitators, were usurping the power of the union organisations against the wishes of the mass of the membership, who were considered to be non-militant and eager to co-operate with Government policy.⁵ In particular, evidence of ballot-rigging by Communists in the Electrical Trades Union was used as a further argument in favour of legal changes.⁶

Other Conservatives were already talking of incomes policy.

1 Ibid., 1957, vol.575 col.290 (Mr. R. Bell); 1958, vol.581 col.1432 (Sir A. Spearman)

2 Ibid., 1957, vol.565 col.1379 (Mr. Irenmonger); vol.568 col.1285 and 1741 (Mr. Yates); 1958, vol.590 col.1330 (Sir Tufton Beamish).

3 Inns of Court Conservative and Unionist Society, A Giant's Strength (London, The Society, 1958).

4 These became the subject of several questions in Parliament, e.g. Hansard 1957, vol.565 col.1381 (Mr. Irenmonger); 1958, vol.597 Written Answers col.230 (Mr. Hurd); 1959, vol.615 Written Answers col.124 (Sir Cyril Osborne). The Ministry of Labour began to keep separate statistics of unofficial strikes in 1960 (Ministry of Labour Gazette, 1960 (London, HMSO, monthly)).

5 Hansard, 1957, vol.574 col.1071ff (Mr. Irenmonger).

6 Ibid., 1957 vol.579 col.605; 1960, vol.617 col.1429 (Mr. Farey Jones); vol.622 Written Answers col.97 (Sir C. Osborne).

At this point these ideas were not clearly formulated but expressed aspirations: for some device for relating wage increases to the cost of living or rate of increase in productivity¹, or simply for unions and employers 'getting round a table'² together. Occasionally these sentiments would be linked to familiar ideological appeals:

What is necessary is that the Government today should say that they regard it as an unpatriotic act either to formulate or concede wage claims which are not related to higher productivity or to increased dividends.³

The Government remained opposed to any major tampering with the Compromise. Ministers set their face against any measures of law reform, Ministers of Labour in particular constantly re-affirming their faith in the voluntary system and their confidence in the trade-union movement⁴. They similarly rejected the idea of incomes policy:

Personally, I do not believe that direct State action can solve this dilemma without our giving to the Government powers to command the fixing of wages and the movement of labour which would be intolerable in a free society.⁵

⁶
or even a temporary pay freeze .

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1. Ibid, 1957, vol. 568 col. 2113 ff (Mr A.E. Cooper); vol. 574 col. 705 (Sir I. Horobin).
 2. Ibid, 1957 vol.577 col. 828 (Sir Thomas Moore)
 3. Ibid, 1957 vol. 574 col. 727 (Mr M. Lindsay)
 4. Ibid, 1957 vol.565 col.1379; vol. 568 col.1285,6; 1958, vol.590 col.1331; vol.597 Written Answers col.230 (Mr Macleod); 1957 vol.568 cols. 1742,2122 (Mr Carr); 1959 vol.615 WA col.124 (Mr Macmillan)
 5. Ibid, 1958 vol.581 col.1477 (Mr Carr). See also 1957 vol.577 col. 808 (Mr Maudling)
 6. Ibid, 1957 vol.574 col.649 (Mr Thorneycroft).

The Labour opposition recognised the inflationary problem, but developed their own formula for its resolution which preserved the Compromise intact and which was to recur as Labour's strategy at intervals throughout the next two decades: restraint would be acceptable in a context of economic growth¹ and social justice.² In other words, they rejected entirely any recourse to negative economic sanctions, and placed great weight on positive economic sanctions:

I like increased production because it solves the problem of wage increases. There is no problem of wage increases if production is increasing. This is a problem which arises only through the Government's deliberate policy of holding down production.³

Thus the party was not proposing the abolition of prevailing dominant/subordination relationships, but a shift towards their non-coercive expression. However, in the social justice theme it was also arguing that existing class inequalities would have to be narrowed; it was only in that context that the degree of ideological unity demanded by some elements of Government thought could be achieved. The implications of this latter policy for the Compromise could in principle be large, but as an Opposition policy these tendencies were not spelt out. Its main function was to provide a basis for criticising all tampering with the Compromise by a

1 Hansard, 1957, vol.574: 669, 670 (Mr. Herbert Morrison); vol.575 col.244ff (Mr. Harold Lever); 1958, vol.587 col.1528 (Mr. Gaitskell).

2 Ibid., 1957 vol.560 col.578; vol.574 col.635 (Mr. Harold Wilson); vol.574 cols.715-7 (Mr. Hugh Gaitskell, Leader of the Opposition); vol.575 col.166 (Mr. Patrick Gordon-Walker); vol.577 col.817 (Mr. Michael Stewart); 1958, vol.581 col.1416ff (Mr. C. Parnell).

3 Ibid., 1958 vol.594 col.853 (Mr. Jack Diamond).

Government which had, according to the Opposition, forfeited any right to make moral exhortatory^{to} appeals. The Party's spokesmen placed considerable stress on the maintenance of the Compromise and its characteristic attributes, such as the need for both sides to come to terms and make adjustments,¹ the importance of avoiding strikes at all costs,² the virtues of using established machinery of conflict limitation,³ and overall acceptance of the prevailing structure of relations and inequalities in industry:

Is it a crime for a trade union to function as a trade union, to keep the earnings of its members in line with the rising cost of living? The industrial workers of this country, and those health workers to whom I have referred, are not asking for the moon. They are asking merely for a decent financial hold on life; not for luxuries or for extra pounds a week.⁴

Thus, while the Opposition were criticising the Government for several of its specific actions there was not so much difference between the policies of the two front benches in practice. In fact the similarities went further than already indicated; the Opposition's positions could be put forward with very varied emphasis. Those noted so far have stressed liberalism and pluralism, if the pursuit of social peace as well. But at times there was a distinct private corporatist emphasis as spokesmen embraced policies of involvement, the pursuit of joint national goals, and collaboration with employers. For example, the stress on economic growth could be used as a means

1 Ibid., 1957 vol.560 col.652ff (Mr. Fred Lee).

2 Ibid., 1957 vol.564 col.1447ff (Mr. Alfred Robens).

3 Ibid., 1957 vol.567 col.33ff; vol.575 col.334 (Mr. Robens); vol.577 cols.747-800 (Mr. Gaitskell); cols.48ff (Mr. Walter Padley).

4 Ibid., 1957, vol.577 col.878 (Mr. Bob Edwards). See also the debates on the LTE dispute in vols.581, 587, 588.

of spelling out the conditions of seeking national-interest policies and strategies of involvement.¹ Support for the Compromise could have similar implications, latent in the stress on the reduction of conflict already noted:

All I would say to the Government, in conclusion, is that today they have embarked upon the most dangerous path of their whole existence ... For God's sake do not destroy what has taken half a century to build up in collective bargaining, in agreement and the good will of a great movement that has done so much for this country.²

and the demand for social justice could be turned into a precondition of the pursuit of mutualism.³ Other speeches by both back- and front-bench Labour spokesmen embodied corporatist sentiments in contexts other than that of defence of the Compromise as such - often in identical terms to those already described for Conservative Members⁴.

1 Ibid., 1957, vol.575 col.327 (Mr. Robens); 1958 vol.587 col.1530 (Mr. Gaitskell)

2 Ibid., 1957, vol.577 col.903 (Mr. Robens).

3 Ibid., 1958, vol.580 col.1285 (Mr. Gaitskell); vol.581:col.1365 (Mr. Robens) vol.587 col.1531 (Mr. Gaitskell).

4 Ibid., 1958 vol.581 col.1357 (Mr. Robens). See also vol.590 col.1322 (Mr. Robens).

Conclusion

Although no momentous Government measures were taken during the crisis of the late 1950s, it is interesting to note how most of the elements of subsequent developments were already present in the debate. On the Government side there was, besides a mild attempt at tripartite talks, an oscillation between unemployment and mild inflation, which seemed increasingly unsatisfactory to some Conservatives. Their search for alternative policies included a return to much heavier deflation, attempts at constructing a sense of national unity, the reform of industrial relations law and incomes policy. Each of these, with the possible exception of the rather inconsequential second item, posed threats to the Compromise in which the Government was reluctant to involve itself. The Labour Opposition developed its theme that restraint was necessary but could only be pursued by a Government which had the confidence of the unions and pursued social justice and planned economic growth. This formula prevented the eruption of what were at least major differences of emphasis in interpretations of the Compromise among the party's various spokesmen. Employers were, in the context of full employment and liberal industrial relations laws, more or less passive participants, apparently unable to assert any major initiatives independent of government action as the shipbuilding and engineering disputes showed. Finally, the unions clung to their defence of liberal collectivism which enabled satisfaction with labour's relatively modest achievements under the Compromise to co-exist with a much more ambitious political rhetoric. But they were increasingly becoming aware that they may be being forced on to a larger political stage, presenting at once threats to their existing quiet role but opportunities for their more ambitious aims.

THE CRISIS OF 1961

Between 1958 and 1961 there was a relative lull in developments.

However, by 1961 fundamental weaknesses in the British economy, its alternation between inflationary boom and recession with the latter inhibiting genuine growth, were becoming a pressing political problem. The Government made two responses. For the longer term it began to make a major shift back to the policies of economic planning which it had rejected when coming to office in 1951. More immediately, it responded to the sterling crisis which developed in the summer, partly by orthodox deflationary measures, but partly by an experiment in incomes policy. These two developments were closely related and ushered in the period of heavy institutional innovation which continued at increasing rate throughout the 1960s and into the 1970s. In the terms of the summary of policy options established at the beginning of this chapter, there was a move away from strategies of type (1), while inflation (policy 3) was becoming intolerable to Government. This left the range of options available under (2). At least one Conservative Minister was well aware of these implications:

I believe that we are still facing the fundamental problem of how a free society can work effectively in conditions of full employment. We have got away from the old, harsh and wrong discipline of unemployment ... However, if that old discipline of unemployment has gone, there must be something to put in place if we are to have an ordered community consciously advancing.¹

The two initial creations were the National Economic Development Council and the National Incomes Commission. The contribution of the final report of the latter's predecessor, the CPPI, to the overall policy shift has been discussed in chapter five, where reference was also made to the contribution of the OEEC report

¹ Hansard, 1961, vol.644 cols.1095,6 (Mr. Maudling, President of the Board of Trade).

which advocated incomes policy for Britain.¹ More generally, important sections of academic, industrial and political opinion were becoming attracted to the concept of indicative planning, especially as being developed in France, as an escape from the 'stop-go' economy.² Socialist economists obviously welcomed this adoption of planning,³ but the support went much wider than this. The politically independent National Institute for Economic and Social Research was lobbying for indicative planning,⁴ and even the Economist, an influential journal which normally favoured laissez faire policies, began to shift its position at the same time. It asserted that present economic policies were obviously failing, and that the whole Conservative move away from planning since 1951 would need to be reconsidered in the light of this failure.⁵ By planning it did not mean the Socialist post-1945 version, but the kind of target planning which had become established in France. The Economist also wanted a tougher Government line on wage claims, and regretted that Government spokesmen had rejected this on the grounds that it would be bad for industrial relations.

The NEDC proposal finally emerged from this process. It was a less powerful body than many had wanted, partly because of the

1 OEEC, Policies For Price Stability (Paris, OEEC, 1961).

2 G.A. Dorfman, Wage Politics in Britain, pp.98-104.

3 T. Balogh, 'The Drift Towards Planning' in P. Anderson & R. Blackburn, Towards Socialism (London, Fontana, 1965).

4 See report on conference held by the NIESR in April 1961 (The Economist, April 29 1961, pp 433,4)

5 Ibid., June 24 1961 pp.1341-3.

Government's desire to attract TUC support.¹ The Council took the form of a tripartite national body, supported by a professional staff and independent of Government control, which would have no executive powers. It would carry on a continuing discussion of issues affecting incomes, but had no direct incomes policy role. Although it would discuss the whole range of economic policy, there is little doubt that incomes constituted one of the most important in the Government's view. Ministers saw the NEDC forum as a chance to involve the TUC in national-level discussions with Government and employers in order to make it more amenable to co-operating with official policy.²

The establishment of the NEDC became implicated in the response to the immediate economic crisis which threatened TUC co-operation. Initially there was a pay pause, to be enforced in the public sector but among private employers dependent on the power of Ministerial exhortation. The pause was seen as a highly controversial degree of state intervention by the unions, but in fact its implications for overall strategy were limited. More significant was the NIC which emerged as the next stage of the policy. This was analysed in detail in chapter five. The potential implications of both it and the NEDC for strategy were great. Bringing together the points made here on the NEDC with the discussion of NIC in chapter five it is possible to interpret this whole episode as a shift towards forms of corporatism.

1 G. Dorfman, Wage Politics in Britain, p.106-8.

2 Ibid., pp.101-2.

First, elements of the context crucial to corporatism were there: the attempt to transcend some of the problems of a liberal market economy by reintegrating economic, political and ideological dimensions. The state would, through planning, acquire an increasingly active role, even if its use of coercive powers in this was severely limited. Developments were in a stage of voluntarist corporatism, with the state acting as an active partner alongside employer and union interests in the pursuit of common goals. The ideological element was introduced in the attempt at generating a wide level of agreement on goals in order to transcend differences of interest among the parties. This was to be achieved through participation by union, Government and employer representatives in the NEDC¹, and through the comments of the National Incomes Commission on individual pay claims. As an aspect of this, Conservatives accepted a role for fairness in income distribution criteria as part of a moral consensus, including at least at the rhetorical level the relevance of such criteria to the relationship between wages and profits (even if it was only in terms of a comparison between rates of increase²). By at least one MP this was regarded rather bitterly as the unpleasant price which had to be paid for popular consent: arguing that the Government should bear in mind the importance of envy and jealousy of the rich among the masses, Mr. Charles Curran argued in favour of such measures as a capital gains tax:

1 Ibid., 1961, vol.652 col.734 (Mr. John Hare, Minister of Labour)

2 Ibid., 1961, vol.646 col.627 (Mr. Selwyn Lloyd, Chancellor of the Exchequer), 1962, vol.652 cols.735,6 (Mr. Hare).

This is a matter not of economics but of morbid psychology. I do not share this disapproval of the rich any more than I share the clamour for the restoration of flogging ... I believe that this is the price which [the Chancellor] and the Tory Party must pay in order to gain the assent of the masses to wage restriction.¹

But the modesty of the measures being taken to secure this sense of ideological unity must be stressed; neither was strenuous action taken on an alternative means of serving ideological unity - the cultivation of public resentment of strikers and unions. There was no attempt at introducing a compulsory incomes policy, and although this period saw a rapid increase in the activism of the state, there was no acquisition of coercive powers. For example, when a large wage settlement was agreed in the state-owned electricity supply industry, the Prime Minister formally criticised it in the House of Commons² - a fairly unprecedented form of official comment on pay questions, which was seen by the TUC as an appalling interference in collective bargaining. But in the same speech Mr. Macmillan went out of his way to reject any notion of a statutory incomes policy, describing a suggestion from the leader of the Liberal Party that he consider such measures as involving movement 'towards a kind of Fascist society'.³ Ministers in general continued to affirm their commitment to voluntarism, and relied on hopes of collaboration and compromise.⁴ Not only within the NEDC itself but also at other levels they sought a pattern in which the state, without using statutory

1 Ibid., 1961, vol.644 cols.1158-9.

2 Ibid., 1961, vol.649 col.1145ff.

3 Ibid., col.1148.

4 Ibid., 1962, vol.652 cols.733,739 (Mr. Hare)

powers, might nevertheless become a more active partner in a structure of tripartite institutions in which it and the central organisations representing labour and capital could reach mutual agreement on national needs. For example, asked by a Conservative Member what he was doing about the unofficial strikes being 'caused by Communists all over the country', the Minister of Labour referred to his regular discussions with the TUC and BEC, and said that the answer to strikes lay in improving industrial relations:

How in a democratic society, should we set about trying to deal with them? Surely the sensible, practical and British way is by getting people to co-operate together, to point out the folly, to remove the causes and to settle matters by the normal processes of negotiation and good sense.

It is important to appreciate the extent to which at this stage the Compromise was still dominant, or at least the extent to which changes were being sought through its mechanisms rather than by their destruction, but at the same time to recognise the gradual departures from liberal collectivism which were being attempted. For example, comparability, a crucial component of Compromise bargaining, was explicitly devalued as an issue attracting Government support² (even if its practical importance was not thereby diminished); and if the unions had co-operated fully in relating pay claims solely to national productivity, accepting Government guidelines on pay rises, and ensuring that their members did not push for anything beyond those levels, there would have been important implications for several aspects of the Compromise. At least at national level

1 Ibid., 1961, vol.650 col.1355 (Mr. Hare)

2 Ibid., 1961, vol.646 col.630 (Mr. Lloyd).

there would have been an intensified involvement strategy as unions participated in the planning institutions. But alongside this involvement the level of pluralism would have been reduced if unions had accepted productivity (as opposed to counter-vailing power) as the sole means of securing increases on pay. Similarly, conflicts would thereby become disputes over existing rights. The state would have been interventionist to the extent that it formulated the policy goals (and was so to the extent that it tried to enforce the policy in the public sector). Since restraint was aimed at the unions and much effort was devoted to persuading union leaders to co-operate, an essentially collectivist view of the work-force was adopted, and if unions had collaborated to the full in the policy they would have taken decisive steps towards operating as supporters of state and employer demands against their own memberships. Finally, an effective incomes policy meant introducing concepts of equity and systematic administration in pay determination, alongside a strong emphasis on productivity being the sole source of pay increases. If these were the potential implications of the policy, the reasons for their non-realisation must be found in its implementation.

The Unions' Response.

This is largely a question of examining the unions' response. On the pay pause and the NIC the TUC was adamant. This intervention was seen as too severe a breach with the state's role under the Compromise for the unions to co-operate, though even here it was intimated that a more positive response might be forthcoming in a context of economic growth and social justice. In a statement criticising the pause the General Council stressed the lack of equity in the agreement, pointing out that the Government had recently increased indirect taxation but reduced surtax, and called for increased economic growth and higher living standards.¹ Government interference with arbitration was seen as undermining a major source of industrial peace, leaving the unions no alternative but to use the strike weapon.² The NIC was seen as interference with free collective bargaining, dealing with wages alone and not prices or profits.

The NEDC had a more mixed response. This had no immediate implications for incomes policy, resembling more closely the purely

1 General Council Report, TUC, Report 1961, p. 257,8

2 TUC, Report 1961, p. 375 (Mr. H. Douglass, Iron and Steel Trades Confederation)

consultative bodies in which the TUC had been keen to participate since the war period. Despite some internal divisions, the TUC had agreed to participate. Dorfman argues that the TUC had used its agreement to take part in the NEDC as a bargaining counter to have the pay pause lifted prematurely and to ensure that the subsequent incomes policy was not pressed strongly by Government, thereby diminishing the overall impact of the Government's planning and incomes policy strategy.¹ Having made that deal, the General Council had to face the challenge of those union leaderships which opposed participation in the NEDC. A motion was (unsuccessfully) moved at the 1962 Congress calling for withdrawal from the body on the grounds that it was part of the Government's plans for income restraint. The critics were aware of comments which had appeared since the idea of NEDC was first mooted, suggesting that it would eventually be the institution through which the unions would be forced to co-operate in a long-term incomes policy. In addition to the risks of complicity in a wage pause, the opponents of NEDC participation also suggested that such close involvement with a Conservative Government would cause the movement to drift away from its close links with the Labour Party.² Mr. Woodcock, replying to the debate, drew attention to the scope provided by the NEDC for extending their influence.³

While the refusal to co-operate at all with the NIC stands out

1 G. Dorfman, Wage Politics in Britain, p.109-115.

2 TUC, Report, 1962 p.388 (Mr McGurny, United Society of Boilermakers)

3 Ibid., p.390

as an important display of independence, it is important to note the extent to which the TUC did move towards co-operation in incomes policy at this time, including the NEDC, despite the internal divisions. There was widespread recognition that some form of state involvement was probably the only alternative to increased unemployment. A further important factor weighing with several union leaders was the assumed imminence of a general election, with the union's own party, the Labour Party, standing a good chance of being elected but liable to be embarrassed by union action. In December 1962 the TUC representatives on NEDC added their signatures to the report Conditions Favourable to Faster Growth which had included a reference to the need for restraint in incomes. The precise phrase used was:

There will be a need for policies to ensure that money incomes, wages, salaries, profits as a whole rise substantially less rapidly than in the past.¹

This sentence was the main target of a major debate at the 1963 Congress, for which the General Council had already prepared a defence:

Can collective bargaining machinery be used to secure a more just and equitable distribution of personal income, which would involve trade unionists in taking account of the effects of their actions on fellow trade unionists in other industries? To what extent and how can trade unionists influence such national objectives as the raising of the school leaving age, improvements in social benefits, the redistribution of the nation's wealth, and the provision of aid to the distressed areas of the world? Any agreement, within the framework of economic planning, on a wages strategy which involved unions in modifying their own bargaining objectives could only be reached within the context of more general agreement on national economic and social priorities.²

1 NEDC, Conditions Favourable to Faster Growth, (London, HMSO, 1962) p.107.

2 Report of General Council, TUC, Report 1963, Appendix A.

Mr. Woodcock reminded Congress that the wages problem only existed because of the increasing prosperity which had occurred, and because governments of all parties now accepted responsibility for the maintenance of full employment.¹ He and other speakers also drew the contrast between increasing money incomes which were eroded by inflation and the increases in real incomes which could arise in the context of economic planning. Speakers on the other side placed their emphasis on the fact that the Government was a Conservative one which could not be relied on to plan in the interests of social justice; when there was a real socialist Government which was re-distributing wealth, these unions would, they said, be prepared to exercise restraint.² The Congress managed both to approve the General Council's report supporting participation in NEDC (and the offending passage in Conditions Favourable to Faster Growth) and a motion opposing all wage restraint. The Congress passed a motion condemning the NIC unanimously and with only formal debates.

These debates, in which both the unions' traditional insistence on free collective bargaining and the policy of co-operation with the Government of the day acquired a changed political significance, foreshadowed the major developments of the next decade. But at the time the Government was not pressing its policies and one further factor made it relatively simple for the unions to decide what to do: a Conservative Government was in office, and therefore the essential preconditions of the active pursuit of growth under state leadership and the pursuit of social justice could be considered absent. The risks and challenges of entering policies which departed

1 TUC, Report, 1963, p. 391, 2

2 Ibid., p. 393 JJ.

significantly from liberal collectivism could temporarily be set aside.

As indicated by the NIC's limited powers, the Government's commitment to statutory involvement in income determination was very limited, as was its intention to introduce a strong state role in planning generally. The main direction of its activities was ^{to} persuasive and exhortatory, and at least one crucial group, the unions, was not willing to heed the exhortation. Refusal to co-operate on their part rendered the NIC redundant from the start, because a crucial part of any corporatist unity was absent. The unions did participate in the NEDC, but its role in practically affecting events was very limited indeed. Further, following the discussion in chapter four, even if the union leaders had been willing to co-operate in incomes policy, it is unlikely that this would have had a substantial effect given the decentralised state of bargaining in several key industries by that time.

The state had more direct control over affairs in the public sector, where it not only held power but could also claim that its actions were the conventional restoration of market constraints and not a newly contentious state intervention. However, as this policy involved the Government in serious conflicts with groups of public-sector workers, that justification became less clear. The state was intervening in order to pursue a specific policy - containment of income growth within a particular percentage; and, further, the pursuit of that policy considerably embarrassed the conciliation role of the Ministry of Labour, which was a central piece of the machinery of the Compromise. The policy of inconsistency in the approach to

public-sector claims which had been identifiable since 1957 continued in the early 1960s.

Organised employers co-operated in the new measures of indicative planning and incomes policy, one indication of the emerging pattern of co-operative national institutions being the proposals to form one central national employers' confederation out of three main existing bodies. Individual employers however were faced with a different set of constraints from those confronting national policy-makers and frequently found concession of a wage claim an easier solution than resistance in accordance with Government policy. The level of adherence in the private sector was therefore not high.

As in 1956, Government policy had been heavily determined by the desire not to throw over the Compromise, though in the face of its overall shift in economic strategy towards planning the pressures for a departure in policy were being pressed more strongly. The shadowy outlines of a corporatist strategy were emerging, but being kept at bay by the unions; though the unions had in turn begun to look at the possibilities of the need to co-operate more closely with Government in order to avoid the threat of increased unemployment.

The political debate

The account of the 1961 crisis will be completed by an examination of the Parliamentary response, as was done for the earlier episode. There were potentially severe problems for the Conservative Party because of its opposition to detailed state involvement in economic policy, but though these tensions were occasionally revealed¹ they were not pressed to open revolt within the Party while it remained in Government; later developments will be examined in chapter twelve. Those seeking the reform of industrial relations law continued to press their case, increasingly citing the rise in unofficial strikes as their main cause of concern, but without success.² In 1961 the issue was formally debated at the Party Conference, but the proposals were defeated.³ Others, against this, supported the incomes policy, or even pressed for a tougher one - sometimes because they feared unemployment as the only alternative.⁴

As in 1957, some Conservatives placed their faith in appeals to the national interest and measures which would secure the identification of workers' with their firms' interests,⁵ perhaps

1 Hansard, 1962, vol.652 col. 720 ff, speeches by Mr Peyton, Mr Bell and Mr Shepherd

2 Ibid., 1961, vol.639 col.911 (Mr. M. Lindsay); vol.650 col.1354 (Mr. Yates); 1962, vol.652 col.771,2 (Mr. R. Bell)

3 Conservative Party, Conference Report, 1961

4 Hansard, 1961, vol.646, cols.638,641 ; 1962, vol.660 col.16 (Mr. J.Ridsdale); vol.662 col.590ff (Dame Irene Ward); 1963, vol.684 col.235ff (Sir Cyril Osborne).

5 Ibid., 1961, vol.636, a debate on industrial relations (col.1913ff) provides several examples.

as the only alternative to an undesirable statism.¹ But at the same time others were showing a distinct restlessness with typical Compromise institutions:

If it once be granted that the aim of Government's policy is to conquer inflation ... it would perhaps have been wise for the Government to say explicitly last summer that the untrammelled existence during this operation of cost-of-living arrangements, wages council agreements and industrial arbitration procedures was not compatible with that aim ...

On the surface, labour relations are very good indeed. It is possible to argue that they are almost too good and that between the employing and employed sides of industry there is the sort of cosy relationship which is only obtainable in an inflationary ^{era}. For many years we have enjoyed full employment, rising standards of living, rising wages and rising profits. It would be surprising if, in these circumstances, there were not many who said, "This is a very nice way of life. Why should we alter it?"²

The parameters of debate among the Government and its supporters had changed little since the 1957 crisis. Inflation was becoming problematic; a simple return to negative market sanctions was seen by the majority as a major reversal of post-war policies; and so they looked to various permutations of policies which would increase the active role of the state, forge a new sense of industrial and national solidarity, or make use of workers' organisations as means of securing cohesion. The central difference since 1957 was in the position of the Government itself which was now heavily committed on the side of the advocates of incomes policy.

The Labour Party in Parliament continued to respond to these developments in the way familiar in the previous crisis, the divisions in Labour's ranks not showing

1 Ibid., 1962, vol.652 col.787 (Mr. W. Shepherd).

2 Ibid., 1962, vol.652 col.768 (Mr. R. Bell). See also vol.654 col.931 (Mr. W. von Strahlenzsee).

visibly on this issue in the Parliamentary Party although they were becoming more evident among the unions. The Party remained committed to the formula that restraint was necessary, but could only be secured by a Government offering sustained economic growth and social justice:

Something else is needed if we are to have co-operation between different people, between workers and management, between different sections, instead of their striving against one another all the time. There has to be, deep down, a feeling of fairness; a feeling that such differences in living standards that exist are justified and, plainly, they are not justified at the present.¹

The Party had long stood for planning, but this theme was now more explicitly articulated as the means by which both economic growth and fairness could be achieved as part of the more general enthusiasm for indicative planning à la française which the Labour Party now shared.² Incomes policy was seen as forming part of this process, even at the expense of collective bargaining.³

Opposition policies, like those of the Government, took full advantage of the flexibility and ambiguity of the Compromise to espouse a range of rather different positions, the incompatibilities within which were to become evident when Labour was in Government. For Conservatives the central political problems were: the maintenance of the post-war accommodation with the unions while taking action against inflation; and the use of state-interventionist measures despite the laissez faire views of many of their supporters. For Labour the equivalent difficulties were: the retention of the liberal collectivism which was so important to its union allies, while following the planning policies to which it was more strongly committed than the Tories and which were so central to its strategy

1 Hansard, 1961 vol.684 col.1080 (Mr. Gaitskell).

2 Ibid., 1961, vol.644 col.1077 vol.648 col.804ff (Mr. Gaitskell); 1962 vol.652 col.805ff (Mr. Hynd); vol.656 cols.141-7 (Mr. Douglas Jay).

3 Ibid., 1961, vol.636 col.1979 (Mr. E. Lee)

for securing continued growth; and, within the commitment to planning, to reconcile the socialist and egalitarian rhetoric of that commitment to its technical (and technocratic) reality. But, in the luxury of Opposition, these tensions did not need to reach the surface, and the Compromise remained the touchstone of Labour unity.

FROM 1962 TO 1964

Between 1962 and its fall in 1964 the Conservative Government persevered with the incomes policy experiment, with little success. By the end of 1963 several major claims were being settled outside the official norm, including one in the large engineering sector. The prospects of union co-operation in NIC being hopeless, the Government's efforts at agreement with the unions became concentrated in the NEDC. Increasingly, industrial opinion seemed reconciled to accepting an important role for unions in national tripartite bargaining as the only alternative to the unthinkable options of unemployment, continued inflation¹ or state control of wages. Various attempts were made to persuade union leaders to commit themselves to restraint within NEDC, but with little success. Meanwhile, incomes policy continued to deteriorate, and the Government, beset by difficulties in other areas, had to face an election before long. In March 1964 it began a prolonged and unpopular confrontation with the postal workers.

As has been indicated in previous chapters, the Government began to contemplate the main alternative strategy entertained by some of its supporters: the reform of trade-union law. However, at this stage it progressed no further than the announcement of an inquiry to be established after the election.² At this stage there was no question of dropping incomes policy in favour of a new strategy, nor was industrial relations law reform positively endorsed; and there was certainly no sign that the latter was to be seen as a rival, opposed strategy to the former. All that was to follow when the Party moved into Opposition.

1. See, for example, the leading article in The Director, March 1964 (London, Institute of Directors)

2. Hansard, 1964 vol.691 col.1598

Conclusions

Between 1956 and 1964 the Compromise met challenges, first from a return to orthodox market policies, and second from limited elements of corporatism. Both challenges made distinct inroads for a period, but liberal collectivism remained by the fall of the Conservative Government the most applicable model according to which the strategy of the British Government could be defined. No really serious attempts had been made significantly to reduce pluralism, increase the level of ideological unity between workers and employers, involve the state in active coercive intervention in industrial relations, shift the relationship of unions to either the state, employers or their own members, or challenge the basis of pay determination in sectors where collective bargaining was strongly established. Important gestures were certainly made in several if not all of these directions, but they remained gestures. They were prevented from becoming anything stronger by several central elements in the situation:

(1) The most easy solution from the point of view of dominant interests would have been for the unions to take on the role (and accompanying odium) of policing their own members, but it would have needed a union leadership less jealous of its liberties, less dependent on its membership and far less decentralised (both within unions and in union-TUC relations) for this to occur voluntarily; and for it to have been secured statutorily would have needed the actions from which the Government constantly shrank. British unions were willing to co-operate with Conservative Governments to an important degree, and would not go out of their way to find a political confrontation (see, for example, the response of other

unions during the 1958 bus strike). But the price of that relative docility was that they were left alone and no great demands placed on their good will. The union leaderships acted with as much self-restraint as their strategy of determined liberalism allowed, but if the state intervened to secure more than that the level of conflict might well increase.

(2) Not much could be achieved by employers acting alone, as they had been exhorted to do in 1956 and 1961, given the maintenance of near-full employment and strong unions. This had become abundantly clear during the 1957 engineering and ship-building disputes, and in the experience of the NIC. Employers were operating in an economic context affected by political parameters (full employment, the state of industrial relations law and the existing structure of arbitration and negotiation) which considerably limited the freedom to act of at least the strongly unionised firms. In their study of the 1957 engineering and shipbuilding crisis Clegg and Adams summarise the calculations which would be made by both Government and employers:

We have arranged a system of relationships which avoid industrial conflict. If we do not do this, or fail to do that, the system will be endangered. Therefore we must do it, or not do it, for if we act otherwise we shall be placing the country in jeopardy.¹

In the condition of full employment there was little else that employers could do. So long as the main parameters of the economy were maintained by the Government, and so long as much trade-union action was immune from legal restraint, it is doubtful whether employers alone could act. This helps explain the apparent paradox that, although employers occasionally lobbied Government to act,

1 H.A. Clegg and R. Adams, The Employers' Challenge, ch.1.

once a Government had acted individual employers would connive with unions at defiance of the policy. Employers supported the Cohen Council, the pay pause, the NIC, but this did not lead to any reduction in the pace of wage increases. This became particularly evident under the NIC when, with the unions boycotting the institution, it was employers (who supported it) who came before the Commission to defend wage awards which they had agreed. However, up to 1964 there was little evident support among organised employers for a change in the legal context of industrial relations; neither was there active support for a compulsory incomes policy. In general, employers, like the Government, were seeking to retain as much as possible of the Compromise by supporting a voluntary policy of restraint.

(3) It is clear that there was little scope for development without the active engagement of the state, whether that mean major measures of social reform to try to win the support of the unions, a massive exercise in ideological propaganda or the use of coercive powers. The first was difficult for a Conservative Government, and only very minor gestures in that direction were made. The second was attempted at the level of public speeches and the odd instance of encouraging consultation and involvement, but it is difficult to see either of these wielding a mighty moral force. Major coercive measures risked massive conflict and would have destroyed the whole tradition of industrial peace which Conservative Ministers had laboured to create since 1945. Something approaching coercion was used or threatened on occasions, but with hesitation, misgivings and subsequent returns to voluntarism. And occasions when Ministers merely made threatening noises were sufficient for the TUC to

accuse them of breaking fundamental assumptions. All in all, the alterationⁿ of patchy growth, mild inflation and mild recession remained the least conflictual, least troublesome and most generally acceptable means of maintaining industrial stability throughout this period of initial challenges to the Compromise.

In conclusion, certain points should be emphasised in relation to those corporatist gestures which did occur. First, there is the pattern of national tripartite discussions which became important from 1962 onwards with the formation of the NEDC. There is a corporatist element in this attempt at securing agreement on national goals among centralised organs representing functional groups. This tendency in policy was not an original creation of the 1960s - a similar pattern had been established from World War II onwards - but these years did see an intensification of the process. However, since the unions refused to accept the Government's definition of national goals and brought their own policy demands to the discussions, this cannot be regarded as unequivocally corporatist; the bargaining, pluralist element is too high. The steps taken in the period being reviewed in this chapter were too limited to permit detailed interpretation, but it is a development which saw considerable extension in subsequent years.

Second, it should be noted that the corporatist tendencies were in part the result of unwillingness to^{see} the harsher rigours of a return to high unemployment. They appear as a resolution of the dilemma between inflation and unemployment during a period when high growth could^{not} be taken for granted. As such therefore the limited experiments in corporatism described here should not be seen as an unprecedentedly harsh force of domination. It is true that it

marked a re-integration of economic, political and ideological dimensions (potentially a highly anti-liberal development), but a simple return to true market individualism would probably have entailed harsher domination.

Third, and this point is related to the two previous ones, corporatist developments presented both a challenge and a risk to the unions. Since the shift to corporatism was not being carried out through severe coercive measures, but voluntarily, it involved the state coming to terms with organised labour. By and large collaboration had to be won, and this involved at least the possibility of labour securing enhanced political influence, if at the same time the risk of losing autonomy and becoming an appendage of the state.

Finally, a further distinctive element in the corporatism should be noted: the basis of the ideological appeal which was being made was the prospect of collaboration in the pursuit of material economic gains particularly through economic planning. As such it was a rationalistic ideology, and not the mystical form of nationalism associated with traditional European varieties of that doctrine, even if occasional invocations to patriotism were part of the appeal. In aiming at collaboration in the interests of economic efficiency it did manage to strike at a shared interest between dominant and subordinate interests.

CHAPTER 12

THE HIGH TIDE OF INCOMES POLICY,

1964-1968.

The broad outlines of the Labour Party's anti-inflationary policy had been indicated since the mid-1950s, as the previous chapter has shown. It accepted a need for restraint and acknowledged the self-defeating nature of the pursuit of pay increases which only furthered the inflation that provoked them; but it held firmly to liberal collectivism and rejected any moves to what it saw as a harsher class society - principally a question of the rate of unemployment. It claimed that restraint could only be achieved if economic growth were simultaneously pursued (making possible a context of positive economic sanctions enabling the continuation of the Compromise), and if increasing social justice were being sought by Government policy as a whole, eroding the grosser inequalities which it considered hindered an appeal to the joint pursuit of national goals. By 1964 these themes had been more closely related to the idea of state-led planning, which would secure the growth, ensure the social justice and involve ^{the} socialism of state involvement. As part of this planning the Party openly asserted that there would be an incomes policy. It was assumed that the unions would accept this because of the context of policies in which it was part.

Union consent was gained through the formula, devised by Mr. Frank Cousins, general secretary of the Transport and General Workers Union, of the planned growth of real incomes.

The Labour Government's plans proceeded initially in a spirit of agreement and collaboration. Mr. Cousins entered Parliament to become Minister of Technology, and the Secretary of State for Economic Affairs, Mr. George Brown, set about securing a tripartite declaration of intent to pursue a voluntary incomes policy. This was achieved, and the National Board for Prices and Incomes established under the chairmanship of a former Conservative Minister. The Government had embarked on a strategy of institutional innovation as an alternative to unemployment or inflation, but it was intending to do this as gently as possible; there would be no statutory controls, free collective bargaining would continue, and the only pressures would be some reliance on the union leaderships to keep their members in check. The strategy of economic growth would prevent the need for any tougher policies of restraint, and to that end the newly established Department of Economic Affairs began preparation of a National Plan.

There were some initial tensions. A lack of confidence among overseas holders of sterling in Labour's strategy of co-operation with the unions resulted in a financial crisis one month after the Government took office, and fear of a recurrence of this led the Government to secure union commitment to a tighter policy than the latter had initially expected.¹ In the following months and years these problems intensified. Several important aspects of economic strategy were involved here: what priority should the Government place on the continuing balance of payments deficit and sterling

1 G.A. Dorfman, Wage Politics in Britain (Ames, Iowa University Press, 1973), p.123-5.

crises? Should it have devalued the pound sterling? Should it have imposed major controls on imports and capital movements? This is not the place to examine these issues or to evaluate the wisdom of the Government's decisions.¹ We may simply note that, rather than take radical action on these other dimensions, it increasingly selected a policy which (i) accepted deflation, sacrificing the policy of planned expansion; and (ii), made stronger use of a statutory incomes policy, departing further from the Compromise and demanding more from the unions in co-operation. The latter policy was in part a means of avoiding tougher action on deflation, but one consequence of deflation was to make more difficult the union co-operation from which so much was being demanded under the incomes policy.

The policy developments themselves were outlined in chapter six. The initial decision to impart a minor element of statutory control into the policy while also calling for more direct assistance from the TUC in securing compliance with it occurred at the time the Government was trying to arrange international loans to safeguard the pound following a further sterling crisis in summer 1965.² The TUC responded by establishing an Incomes Policy Committee which vetted the wage claims of member unions according to the criteria of the incomes policy. The operation of this procedure will be discussed in due course. At present it is relevant to consider what it was that the Government was now doing through its policy. For

1 Discussions may be found in W. Beckerman (ed) The Economic Record of the Labour Government (London, Duckworth, 1972)

2 Dorfman, op. cit., pp.134-7.

politicians to exhort unions to control their 'militants' had long been a theme of the industrial relations debate, but this went further in two major ways: (1) it required the TUC to control its member unions, a power which it had never possessed, being a weak confederation established to co-ordinate union activities and press union causes on governments. Concomitant with state intervention and an attempt to co-opt workers' organisations in the control of workers' demands came this strong emphasis on a strong national union centre (paralleled by a similar body of the employers' side). The development had started with the emphasis on this level in the Conservatives' NEEDC, but it was now acquiring practical force in day-to-day industrial relations. (2) This was not just wishful thinking, as had been previous exhortations, but was backed by coercive powers. It fell short of a legal requirement that the TUC enforce state policies on its members - that would have been the ultimate corporatist step - but ^{involved} the threat that the Government would control things itself if the unions did not co-operate.¹

In the summer of 1966 there was a major official strike by the seamen's union which had several significant consequences. First, it saw a major breach in the Government's friendly relations with the unions; the Prime Minister appeared on television to condemn the strike and to claim that it was being controlled by Communists.² Second, the strike itself affected Britain's overseas trade, contributing to a further worsening of the balance of payments which

1 The issues involved are set out in the General Council's statement to the 1965 TUC (TUC, Report 1965, Appendix A)

2 See also Hansard, 1966 vol.730 col.42ff (Mr. Wilson).

in turn affected overseas confidence in sterling. Finally, the strike ended in a settlement which broke the incomes policy, further reducing the confidence of sterling holders.¹ The Government responded in a similar way to the Conservative Government in summer 1961, but coercively. Severe deflationary measures were taken, marking a major breach with the policy of pursuing planned growth. At the same time a six-month pay pause was instituted, this time backed by strong powers. This would be followed by a period of severe restraint, with statutory powers of delay being added to the apparatus of incomes policy. The detailed nature of these controls, and of those which followed in 1967 and 1968 have been discussed in chapter six. The important point to indicate here is the context of a deteriorating economic situation in which they were imposed, and the change in the nature of incomes policy which was occurring. No longer was it part of a tripartite strategy for the pursuit of growth, but a means for controlling the power of organised labour accompanying deflationary policies.²

To this analysis of the changing form of relations between state power and incomes policy, and between Government, TUC, unions and incomes policy it is necessary to add conclusions from the discussion of the actual work of the NBPI in chapters six and seven. This showed how it moved considerably from the liberal-collectivist model which Labour had, with exceptions, defended in Opposition. The pursuit of growth became, in the difficult economic context,

1 Dorfman, op. cit., p.139.

2 Joan Mitchell, The National Board for Prices and Incomes (London, Secker and Warburg, 1972), p.14.

translated into the possibility of specific productivity agreements enabling certain groups of workers to secure increases; the interesting and complex implications of this development have been explored in previous chapters. The social justice theme became, within incomes policy, a rather unsuccessful attempt to give a certain priority to the low paid^{and} a few modest attempts at reducing status barriers within industry, but was primarily translated into the search for a heavily rationalistic set of inequalities as discussed in chapter six. Finally, there was a challenge to pluralism in the insistence on particular means and criteria through which income increases might be secured. This also challenged comparability and other ad hoc devices of pay determination. The corporatist tendencies in Labour's definition of the Compromise which were noted in chapter eleven were in the activities of the NBPI developing to the extent that they were contradicting the Compromise at several points. Within a couple of years of coming to office the ambiguities implicit in the Labour Party's earlier stance had been resolved in the direction of statism and corporatism, and against liberalism and collective bargaining.

However, in order to give a balanced picture of the pressures and tensions of the period the limitations of the policy need to be considered. Throughout the period the Government treated the statutory provisions as temporary expedients rather than entrenched aspects of the policy, and they retained a political control over its implementation. The NBPI could only consider references made to it by the Government, and its findings did not lead to action unless the Government chose to implement them. Like the Conservatives before, the Labour Government varied in the rigour with which the policy was applied. The heaviest sanctions tended to be used against

small groups with little strategic power, while groups likely to call important strikes were frequently compromised with . The Government did not seek large conflicts with unions, and was also aware of discontent with the policy within the Party. Given the uneven application of the policy, many wage agreements which breached the guidelines of the policy were passed, while at the plant level of bargaining wage drift continued.¹ Further, of course, the Government was aware of the immense political and administrative difficulties of seeking state control over all wage movements on a long-term basis, and continued to look for agreement with the TUC on self-regulation by the unions. In several respects the Government had the worst of all worlds. It ruptured the Compromise sufficiently to create a major conflict with the unions, but not strongly enough finally to destroy the Compromise and establish a powerful corporate state. It sacrificed the crucial growth strategy for such objectives as the defence of the pound and the balance of payments, but in November 1967 devalued the pound at a time which further destroyed the pursuit of growth. The years 1966-1968 saw increasing state controls on income and increasing disaffection between the Government and the labour movement. By 1969 it began to withdraw from these entanglements, but for a while then adopted a strategy of law reform which was even more conflictual.

The policy of institutional innovation and growing statutory control imposed tensions on all groups whose position on industrial relations had developed within the Compromise: the major political parties, the unions and organised employers. Their responses will be discussed in turn in order to assess their response to the changes and to examine the constraints which they imposed on Government policy.

¹ Dorfman, op. cit., p.129ff.

Labour's divisions.

Within the Parliamentary Labour Party the disagreements that had been concealed until 1964 became open as the Government introduced an increasing statutory element. The challenge to the Compromise incited rebellion among Labour back-benchers. During the years in Opposition there had been virtually no conflict within the Labour Party on the role of the unions in the national economy. This was particularly remarkable in that the early 1960s had been the occasion of major rifts within the Party on other fundamental issues. But during that period there had been no simple alignment of the unions with the Left. If anything the opposite had been the case, since the post-war union leaderships had by and large supported the Party leadership against left-wing challenges, though this alignment was beginning to change.¹ Finally, the Left's position on unions and collective bargaining had been somewhat ambiguous since they supported a high level of state involvement in the economy. All this changed under the Labour Government. Unions themselves were by now no means a solid right-wing force within the party, and the pressures for control of the unions was clearly coming from international creditors and industrial interests. As the Government responded to this pressure so the Parliamentary Left and the Left within the extra-Parliamentary party emerged as central defenders of the existing structure of industrial relations and of the Compromise. Although eventually the main political weight of the unions themselves was thrown behind this opposition within the

1 L. Minkin, 'The British Labour Party and the Trade Unions: Crisis and Compact', Industrial and Labor Relations Review, October 1974

extra-Parliamentary organs and the TUC, union-sponsored MPs remained by and large loyal to Government policy. It was predominantly the organised Left in Parliament, the Tribune Group, which made support for free trade unions the cornerstone of its position and therefore opposed increasing state intervention. This opposition resulted in the Tribune Group of MPs abstaining in divisions on the various Prices and Incomes Bills between 1966 and 1968,¹ and in discussions on Orders which the Government introduced to prevent the payment of specific wage increases. This intra-party conflict imparted a novel element to the Parliamentary debates on these issues. As several unions joined the Left in opposition to the Government the latter also suffered defeats on incomes policy debates at the annual party conference in 1968².

The central argument on the Government's defence of its policy was that the alternatives were a generally undesirable rate of inflation³ or an unacceptable level of unemployment.⁴ Often the Government simply claimed that state intervention was necessary on purely pragmatic grounds:

I certainly do not see a statutory prices and incomes policy as a way of bringing about a planned economy or a socialist

1 Hansard, vols. 733 (August 9, 10, 1966), 734 (October 25, 1966), 748 (June 13, 1967), 750 (July 11, 17, 1967), 765 (May 21, 1968) and 767 (June 27, 1968).

2 Labour Party, Annual Conference Report 1968, (London, the Party, 1969), pp 122-153

3 For examples see Hansard 1966 vol.731 col.1744 (Mr. George Brown, Secretary of State for Economic Affairs); vol.732 col.635 (Mr. Harold Wilson, Prime Minister); 1968 vol.763 col.1418 (Mr. Anthony Wedgewood Benn, Secretary of State for Technology).

4 Ibid., 1966 vol.730 col.1732 (Mr. Wilson), vol.733 col.1828ff (Mr. Brown)

society. I certainly do not see it as a system which is in itself desirable. I see it simply as a necessity in the present situation.¹

But more usually the Government and its supporters went beyond this to assert an egalitarian, socialist purpose in this role for the state, drawing obviously on the party's interventionist traditions.² At first, this role of the state was seen in terms of a back-stop in case of the failure of voluntary mechanisms,³ but gradually it became more assertive until Ministers were stressing the need for a major state role if social justice was to be secured. This theme was asserted in a noted speech outside Parliament by Mr. Richard Crossman, Lord President of the Council:

We realise that in this new measure (the Prices and Incomes Act 1966) we are discarding yet another of the rusty old tools of laissez-faire economics and fashioning for ourselves new and extremely powerful instruments of social planning.

The July measures were not a last ditch defence of Government policy, but a last minute dash for freedom, a breakthrough into new patterns of industrial relations and new experiments in co-operation between state planning and collective bargaining.⁴

This was followed within a few days by similar speeches from other Ministers.⁵ From then on the theme also figured in Parliamentary debate and very prominently in defences of the policy before the Labour Party's annual conferences.⁶

1 Ibid., 1968 vol.769 col.188 (Mr. Roy Hattersley, Parliamentary Secretary, Ministry of Labour).

2 Ibid., 1966 vol.733 col.1580 (Mr. Brown); 1967 vol.748 col.438 (Mr. Fred Lee, Minister of State, Department of Economic Affairs); vol.750 col.226 (Mr. Michael Stewart, Secretary of State for Economic Affairs); 1968 vol.763 col.1317 (Mrs. Barbara Castle, Secretary of State for Employment and Productivity); vol.767 col.665 (Mr. Hattersley).

3 Ibid., 1965 vol.713 Written Answer col.242; 1966 vol.733 col.1420 (Mr. Brown).

4 Speech by Mr. R.H.S. Crossman, Coventry, September 1966.

5 Mr. Gunter (Nottingham, September 17), Mrs. Castle (Bolton, September 17), Mr. Marsh (Cambridge, September 17). See also New Statesman, Sept. 16 (article by Paul Johnson) and September 23 (leading article).

6 Labour Party Conference Reports 1967 (speeches by M.F. Lee MP (p.181), Lord Cooper (G.W.U.) (p.185) and Mr. Callaghan (p.192ff)).

The importance of this theme was not simply the new role for the state which was envisaged and the interpretation of this as socialism, but also its implications for the institutionalisation of conflict, which it very clearly challenged. What is remarkable here, both in terms of the role of the unions in the Labour Party and in terms of the remaining Compromise, was the venom of the attack which Labour Ministers launched on collective bargaining. At the beginning and towards the end of the Labour Government Ministers were prepared to state their faith in voluntarism:

I have said it before and I repeat the less interference by any Government in the relationship between those engaged in industry the better it is, but a return to the situation as it was before 20th July would be disastrous. The over-riding public interest must be a part of all negotiations throughout industry, otherwise inflation will never be beaten.¹

But during the period of statutory controls:

It is impossible to think of having no policy about prices and incomes at all, except what is sometimes called a 'free-for-all'. That is the proposition that every group of workers, every person or group of persons ... can fix all these prices and wages solely according to their individual bargaining power and nothing else. As I understand it, most people, with the possible exceptions of [Mr. Powell and Mr. Biffen] reject that free-for-all approach and that rejection has become the more impressive in recent years.²

The ideological appeal with which the Government supported its stance was, for internal Labour Party purposes, the socialist case. But for wider public consumption it appealed to concepts of the national interest and to the concept of fairness embodied in the need for all to exercise restraint if some were to do so,³ and on

1 Hansard, 1966 vol.737 col.463 (Mr. Gunter, Minister of Labour).

2 Ibid., 1967 vol.750 col.226 (Mr. Stewart).

3 Ibid., 1966 vol.731 col.1750 (Mr. Brown); vol.732 col.637 (Mr. Wilson); vol.732 col.1474 (Mr. Callaghan, Chancellor of the Exchequer); 1969, vol.777 col.1609; vol.793 col.1369 (Mrs. Castle).

the achievements of the policy for the low paid.¹ At the Labour Party conference there was considerable hostility expressed towards groups of workers who had used their bargaining power to secure relatively high incomes.² However, when the policy's achievements in this direction were challenged, they took a somewhat different position:

The rt. hon. Member for Mitcham said that the avowed purpose of the policy was to help the lowest-paid worker strengthen his position. We have never said anything half as total as that ... We said that we intend .. that the more rigorous application of the policy should be spared the lowest paid.³

A further aspect of Ministerial statements was the claim that overall the policy would be egalitarian and socially just, and therefore their detailed comments on particular pay issues give an indication of the interpretation placed on social justice by Government policy. Spokesmen were considerably concerned with inequalities, but it is important to note that on nearly every occasion they meant by this those inequalities between groups of workers which were maintained by trade-union insistence on bargaining and differentials,⁴ not those inequalities which were embedded in the dominant income structure. The overall structure was sometimes raised in debate, because critical MPs drew attention to high salaries, either as a general question or with reference to

1 Ibid., 1968 vol.757 Written Answers col.216 (Mr. Hattersley); vol.761 col.623 (Mr. Peter Shore, Secretary of State for Economic Affairs); vol.765 cols.307-313 (Mrs. Castle).

2 Especially towards workers in the motor industry: for example, Conference Report, 1968, speech by Mr. George Brown MP (p.193).

3 Hansard, 1969 vol.777 col.1694 (Mr. Hattersley); see also 1968 vol.769 col.188 (also Mr. Hattersley).

4 Ibid., 1966 vol.733 col.850 (Mr. Stewart); 1967 vol.746 col.604 (Mr. Hattersley); vol.748 col.328 (Mr. Stewart); col.438 (Mr. Lee) vol.750 cols.170, 226 (Mr. Stewart); 1968 vol.765 col.413 (Mr. Hattersley).

particular cases. These questions prompted no general policy statements, but eventually, after some particularly notable cases of wealthy individuals increasing their salaries, the NBPI had referred to it the question of top salaries in the private sector and in nationalised industries. This resulted in Report No.107,¹ the main concern of which was to argue that top salaries in the nationalised industries needed to be raised so that they were comparable with those existing in the private sector. (The CBI claimed that it was as a result of its pressure that the inquiry in the event concentrated solely on the public sector²). All subsequent Parliamentary questions on high incomes were referred to that NBPI inquiry.

Against the line of the Government, the Labour Left adopted a position of outright defence of liberal collectivism. This involved the group in some difficulties, since both the Government and the Conservative Opposition were talking in terms of the only available rival forces being state socialism and a return to the free market. The Left in fact retained a statist stand by maintaining that an incomes policy would be acceptable (and possibly even preferable to collective bargaining) provided it was not simply aimed at the restraint of union-negotiated wage increases, but also engineered a reduction of overall inequalities of wealth and income.³ It was

1 NBPI, Report No.107, Top Salaries in the Private Sector, and Nationalised Industries, Cmd 3970 (London HMSO).

2 Confederation of British Industry, Annual Report for 1968 (London, CBI, 1969), p.24,25

3 Among the many examples see Hansard, Report Stage and Third Reading debates of first Prices and Incomes Bill 1966, August 9 and 10; also 1967 vol.750 col.1631 (Mr. Eric Heffer); 1968 vol.767 col.385 (Mr. Stanley Orme).

also argued that the policy would have to involve nationalisation and a reordering of priorities on such matters as the role of sterling and defence spending. Since these policies were not forthcoming, the Left placed all its weight within the existing situation on the maintenance of free collective bargaining:

[I am] not prepared to see the whole trade-union movement ... eliminated as a result of that type of Government intervention. Otherwise the movement becomes - as it is in the Soviet Union and many other Communist countries - largely the agents of production and productivity, with the workers having no real say about wages and conditions.¹

They rejected both unemployment and state coercion as forms of restraint and argued (i) that no restraint would be necessary were the rate of economic growth to be increased and (ii) that given certain wider social reforms voluntary co-operation would be possible.² Order would thus be secured, not by the restraint of labour, but by the removal of certain conflictual elements from its subordination. In these broad terms therefore the Left, like the Government, had no qualms about the intensification of political involvement in the economy. However, on the question of state interference in collective bargaining under existing circumstances, the Left adopted a liberal position, stressing the importance of a distinction between political and industrial conflict.³

The examination of positions being adopted in the Labour Party

1 Hansard, 1968 vol.763 col.1322 (Mr. Heffer).

2 Ibid., 1967 vol.753 col.1217 (Mr. Heffer).

3 Ibid., 1968 vol.769 col.162 (Mr. Trevor Park).

is valuable for an interpretation of the changing role of the state. The tensions which exist in the Party between trade unionism and state intervention have been frequently remarked, but important though this distinction is it over-simplified the situation. Superimposed upon that central dilemma the disputes of 1966-68 reveal two further problems: (i) the problem of distinguishing between 'socialism' and simple state interventionism; and (ii) the relationship between aggressive trade unionism, the Compromise and laissez-faire. Government supporters in these controversies operated on the assumption that state intervention was necessarily anti-capitalist, and that a form of order imposed by the rationality of the state is necessarily egalitarian (or at least socially just). Although it is obviously the case that theoretically these connections do not necessarily hold, it has long been a basic assumption of British political debate that in practice such a relationship does exist. The analysis of the work of the NBPI cast considerable doubt on whether the egalitarian implications of state incomes policy assumed by Government spokesmen can be justified, though it may equally be argued that the Board's managerialism conflicts with a strictly interpreted laissez-faire capitalism as well (though by the 1960s this can hardly be considered a radical departure). Further, the incomes policy was certainly about rationality and order, but of course this may be contrasted with several alternative forms of wage determination other than the market rationality. ~~to~~ which it in any case bore some relation. In fact, as both chapters six and seven and the statements of Ministers discussed above show, the main contrast was with union-negotiated wage rates. Market determination per se was not the object of much attack; the only means of securing higher incomes which was considered to be an illegitimate use of power was

bargaining by organised labour. It was by such argument that Government supporters were able, by 1967, to see certain groups of manual workers as the rich and powerful.

Central to this last point was the Government's conception of collective bargaining as virtually equivalent to laissez-faire.¹

(As will be seen below, for a period Conservative spokesmen tended to make the same assumption.) This overlooks the fact that in two central characteristics laissez-faire and modern collective bargaining are strongly contrasted: under laissez-faire (i) the level of demand in the economy is allowed to fluctuate so that labour can never put pressure on the terms of the labour contract, but behaves like a commodity (in terms of the framework of chapter three it exhibited an order and monistic structure of authority, with a systematic pattern of income distribution); and (ii) the worker stands as an individual in relation to his employer and is unable to use collective strength to improve his market position (that is, it took an individualist approach to the work force). Since the principal objection of Government supporters to collective bargaining was, as has just been noted, the ability of workers to change the terms of their labour contract through pressure, it was hardly the laissez-faire characteristics of bargaining to which objection was being made. As other statements from Ministers demonstrate, the fundamental similarity between the two systems which was perceived was, once again, their lack of administratively imposed order. The purpose of this critical analysis of the Government position is not to make a political point, but to demonstrate a confusion in

1 Ibid., 1968 vol.765 col.338 (Mrs. Castle).

political thought which can be explained by a phenomenon central to this study; state intervention in the interests of order in income determination could not readily be assimilated to prevailing political assumptions about the role of the state. The frame of reference within which conflicts between state and private interests had been couched by Labour ideology could not meet the new developments. This becomes clear as soon as the simple dichotomies of political debate are replaced by a framework such as that used here.

The Conservative Opposition

The same tensions over the new role of the state which were complicating the divisions of the Labour Party were also evident within the Conservative Party, though these were more muted in the less pressured situation of Opposition.¹ In chapter eleven the Tory Party was described as moving towards a strategy of state economic planning, within which incomes policy was a part. This was by no means an historically unique position for the modern Conservative Party to adopt, and most formulations of modern Conservatism stress an accommodation between acceptance of a role for the state, the importance of highly organised producer groups (such as the TUC and the CBI), and the continuing vitality of a laissez-faire market economy;² the balance between these forces (often represented by different factions within the Party) may become upset by responses to events, to the extent that one or more factions feels discomfited. The Conservative Government's acceptance of economic planning and incomes policy had thus discomfited the free-market elements within the Party, and at the outset of the period of Labour Government this

1 An example of the subtle way in which these differences were expressed occurred at the 1966 Party Conference. Mr. Macleod (a long-standing advocate of a voluntary incomes policy) declared that 'an incomes policy can have a useful, though secondary, effect once the Chancellor of the Exchequer has got the level of demand right in the country' (p.97). Sir Keith Joseph, closely identified with the free market wing of the Party, gave a list of the Government's duties which notably excluded incomes policy: 'Their job is to keep the level of demand right, to ensure competition, to transform the tax system into one that encourages enterprise and work and thrift, to bring trade union law up to date, and to expand re-training ...' (p.58,9).

2 S. H. Beer, Modern British Politics (London, Faber, 1965); N. Harris, Competition and the Corporate Society (London, Methuen, 1972).

produced a 'rebel' group under the leadership of Enoch Powell, while the Shadow Cabinet was, following its own immediately previous commitment, caught in a position of bi-partisanship with Labour. A further barrier between the leadership and the market wing was the inevitable association of the latter position with a higher level of unemployment, a stance considered politically disastrous for any party to adopt. The Party was assisted in moving towards a more distinctive and united position by two factors: its own decision to advocate a reform of industrial relations law, which became an alternative strategy to incomes policy, and the Government's slide towards a compulsory incomes policy. The net outcome of this process was that the centre of gravity of the Conservative Party shifted sharply towards its market wing, though on the way towards this stance it posed as the champion of the Compromise.

As noted above, the Front Bench were left at the 1964 election supporting some kind of voluntary agreement on restraint as the best available means of securing economic order, together with the advocacy of economic growth which was the central point of consensus of the period. Powell and his supporters, however, attacked the idea of incomes policy vehemently and advocated a return to the classic market constraint of unemployment. Powell himself took part very rarely in the Parliamentary discussions of incomes policy, being until 1968 a Front Bench spokesman on defence, and his main Commons advocate was John Biffen,¹ though Powell's extra-Parliamentary

¹ Hansard, 1965 vol.706 col.571; vol.720 col.1206; 1967 vol.748 col.412; 1968 vol.761 col.713; vol.777 col.1641.

utterances stated the faction's position more clearly.

From 1966 onwards, however, the Party shifted its position towards opposition to incomes policy. The main emphasis of the attack was on the statutory nature of Labour's policy,¹ but eventually it involved a lack of support for the concept itself.² The new policy being generated included the following elements:³

- (i) a limited return to the classical policy of unemployment,
- (ii) insistence that the Government should resist wage demands from its own employees (this was also a classic market policy, as discussed in chapter eleven);
- (iii) liberation of the energies of private enterprise;
- (iv) an attack on workers' protective practices in order to improve efficiency (initially this task was seen as appropriate for the HBPI, but when the Conservatives developed fully their plans for industrial law reform, it was subsumed within that);
- and (v) the main plank of all, the proposed reform of industrial relations law which was described by Conservative spokesmen as being the restoration of certain laissez-faire principles. The development of this strategy pulled the Party away from the slide towards planning in which it had been involved and marked it, in

[continued on p 479]

¹ Ibid., 1965 vol.720 col.22 (Mr. Edward Heath, Leader of the Opposition) 1966 vol.731 cols.1761-3 (Mr. Reginald Maudling); vol.733 col.1821 (Mr. Terence Higgins); 1968 vol.761 cols.633-5 (Mr. Robert Carr).

² Ibid., 1969 vol.777 col.1589 (Mr. Carr).

³ Among important detailed policy statements are the following: Ibid., 1966 vol.727 cols.218ff; vol.733 col.1732ff (Sir Keith Joseph); 1967 vol.748 col.342ff; 1968 vol.761 col.633ff (Mr. Carr).

I have put it to the First Secretary that wages are in future to be governed as a major element by social justice. This will not give confidence to anybody abroad or anybody in this country who is trying to produce an efficient and effective economy. They will immediately see that economic decisions are always to be pushed to one side in favour of a vague criterion of social justice. Surely the House must agree that, if social problems have to be dealt with they should be dealt with by social policy and not by interference in economic policy as such.¹

Although for a period (as will be discussed below) Conservative spokesmen defended all kinds of trade-union activity against Government policy, by 1969 they were tending to condemn it (especially unofficial militancy) in similar terms to those of Ministers, namely as a disruptive power and a source of illegitimate increases in income.² Like Ministers during the high tide of incomes policy, Conservative spokesmen after its collapse condemned union militancy as unrestrained and selfish. Interestingly, where Labour Ministers condemned it by likening it to the 'law of the jungle' of capitalism, Tories assimilated its 'lawlessness' to the general theme of 'law and order' which they were developing at that time:

[The Government's policy] encourages militancy. It does not work fairly. It has had little, if any, effect. The weak have suffered. The strong have got away with it. It has made responsible union leaders' jobs more difficult when they should have been made easier. It has played into the hands of those who want to make trouble or to get things by force. The policy has not brought about the just society about which the hon. Lady talks so romantically. It has encouraged the 'Get-it-by-force' society.³

On the positive aspect of ideological appeals, the Tory

(concluded on p 480)

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- 1 Ibid., 1967 vol.737 col.660 (Mr. Heath).
 - 2 Ibid., 1968 vol.761 col.309 (Mr. Heath); 1969 vol.792 col.1639 (Sir Keith Joseph); vol.793 col.1388 (Mr. Heath).
 - 3 Ibid., 1969 vol.793 col.1467 (Mr. Carr). See also extra-Parliamentary speeches by Mr. Carr at Rugby, November 26 1969, at Bridge-water, March 5 1970.

its approach to economic relations, as a neo-laissez-faire party, at least in pretensions. The Party's position on the role of the state was compatible with this. Its version of incomes policy had been one of the voluntary association of Government, unions and employers, and it was this voluntary corporatist stance which had contributed to the disaffection of the laissez-faire wing. But the Party had never (at that time) advocated detailed compulsory intervention by the state in wage determination, and so when the Labour Government embarked on such a course almost all wings of the Party could unite in promulgating a liberal model of the state.¹ Just a tiny minority of Conservative MPs took up a position of supporting a statist incomes policy, on strongly state corporatist grounds, though they did not take this view to the extent of supporting the Labour Government.² The Party as a whole took the view that, while it was appropriate for the state to alter the terms on which it held the ring within which economic relations took place, it should not intervene directly in their conduct, particularly not with statutory force. They also adopted a classic market-liberal position on the idea of pursuing social justice through incomes policy:

(return to p 478)

1 Ibid., 1966 vol.733 col.1732,3 (Sir Keith Joseph); 1967 vol.748 col.349 (Mr. Carr); col.394ff (Mr. Higgins); col.413 (Mr. Biffen); vol.750 col.194 (Mr. Macleod); col.183 (Sir D. Glover); col.706 (Mr. Higgins); col.721 (Mr. Biffen); cols.1616-8 (Mr. Carr); 1968 vol.765 col.318 (Mr. Carr). Several of these speeches make explicit reference to the dangers of the corporate state.

2 Mr. Kenneth Lewis (see ibid., 1967 vol.748 col.360ff; and vol.793 col.1441) and Sir Cyril Osborne (1965 vol.716 Written Answers col.189; and 1966 vol.731 cols.1783,4).

position was very different from that of either Labour Government or Labour Left. Where the former sought an ordered, rational structure of pay relationships and the latter an overall move towards equality, the Conservatives interpreted equity to mean high rewards for initiative and enterprise.¹ These concepts, belonging essentially to individualistic entrepreneurship, were applied by Conservatives now to incomes of various kinds:

The biggest assets of a choice economy are invention and enterprise. We believe that the biggest victims of the Bill and of the voluntary policy behind it, if allowed to continue for more than a very short time, will be just those two - invention and enterprise ... There must be differentials which attract skilled men and women to where they are most needed.²

True to the market individualist position, and provided no account is taken of industrial relations policy, the Conservatives adopted a full liberal approach to incomes policy, translating the rhetoric of laissez-faire into the highly incompatible phraseology of the collectivist economy:

One of the hallmarks of freedom is surely the right of people to determine their own earnings without state intervention or direction, whether they do so by collective bargaining or by individual negotiation ... one has only to look round the world during the last generation to realise that trade unions and employers' associations which have become the agents of central government are a distinguishing feature of the authoritarian state.³

The paradoxes of the position will be unravelled when the Conservatives are examined in office in chapter thirteen.

1 Edward Heath, article in Sunday Times, April 9, 1967.

2 Hansard, 1966 vol.733 col.1727 (Sir Keith Joseph).

3 Ibid., 1967 vol.765 col.313 (Mr. Carr). See also speeches by Mr. Heath at Ross on Wye, September 17 1966 and at Party Conference 1966, October 15.

The discussion of the treatment of the new level of state intervention in income determination by conventional political positions, and the confusion caused thereby, throws important light on some implications of incomes policy. But in order to interpret fully the fate of the policy it is necessary to examine the response to it of the two major groups forced into partnership with Government: The Trades Union Congress and the Confederation of British Industry.

Response of the TUC

The response of the unions must be appraised in the context of certain social facts. First and perhaps most important, unions are organisations representing their members. Throughout the post-war period the memberships of several unions had been securing an increasingly important role in the determination of union policy. Whereas the 1945 Labour Government was able to reach a personal understanding with a group of national leaders and be confident that at least for a while there would be restraint, the leaders of the 1960s had to maintain close contact with their rank-and-file.¹ And even where the leaderships did adhere to the policy, shop-floor bargaining and other forms of wage drift could still increase pay further. Second, the Government's attempt at securing union co-operation placed great weight on the TUC as the central national body, which imposed tensions on relations between the TUC and its member unions. Finally, the unions had to operate in the real every-day world in which they had to reach accommodations with governments and employers in order to carry on their main bargaining activities.

Although we are primarily concerned with the development of a TUC policy it is important to pay some brief attention to the actual behaviour of the individual unions in the face of incomes policy, since behaviour provides an important context against which to judge professed position. The most important point here is that though a few unions (principally the TGWU) boycotted certain MBPI inquiries, no union sought a frontal challenge to the policy by political means. There were attempts (sometimes successful) at forcing employers to

¹ G.A. Dorfman, Wage Politics in Britain, p.129ff.

grant increases prohibited under the various Acts, but there were no attempts at political strikes (or even demonstrations) aimed at forcing the Government to shift its policy. It is not accurate to list the seamen's strike as a political strike; this was an orthodox industrial relations conflict which became political as a result of Government intervention; a political strike would involve a union or unions taking industrial action expressly in order to secure a change in Government policy. Further, there were no attempts by the unions to use their sponsored MPs to oppose the various pieces of incomes policy legislation in Parliament. That there are not merely academic possibilities is shown by the fact that several unions took precisely this kind of action to oppose the Industrial Relations Bills of both Conservative and Labour Governments.¹ One probable explanation of this is that the income controls were avoidable and could be bargained over politically. Legal controls would be rigid and binding. All unions, however militant, preferred finding loopholes through the policy to seeking direct confrontation with the state. The pattern of opportunities and constraints established by the policy enabled a range of union responses to be accommodated without massive conflict, and without exception the unions preferred to operate in this way.

Individual unions were thus often able to evade the implications of incomes policy. But the TUC itself could not do this, because the Government imposed considerable pressure on it to secure the voluntary arm of its policy, and to this a response had to be made. Between 1964 and 1970 one can trace distinct shifts in the nature

1 J. Ellis and W. Johnson, Members from the Unions (London, Fabian Society, 1972).

of that response.

Initially the TUC accepted the Labour Government's formula of the planned growth of incomes, implying some acceptance of restraint if the Government pursued (i) economic growth and (ii) policies of 'social justice', involving a redistribution of wealth and special assistance for the low paid.¹ The priority for economic growth was the TUC's most important political demand; it was maintained consistently throughout the period and there was no internal disagreement on its value. It can be seen as an attempt to maintain the importance of positive market sanctions, for fear that otherwise there would be a return to negative sanctions or a move to direct political and legal constraints. After the Government had abandoned the growth commitment and the unions had become disillusioned with incomes policy, the TUC still pursued growth. It adopted its own target of a 6% growth rate,² and after unsuccessful attempts at securing government agreement to this, continued nevertheless to use it as the guiding criterion in its own voluntarily applied incomes policy.³ Determination to re-convert the Government to a high-growth policy also led the TUC to enter far more deeply into the formulation of general economic policies than before. In 1968 it began the production of an annual series of economic reviews, which set out a growth policy, formulated an incomes policy in the light thereof, and advocated radical policies which the Government would need to implement if it were to achieve the growth target.⁴

1 General Council Report, TUC, Report 1967, pp.322-5.

2 TUC, Economic Review 1969 (London, TUC, 1969), paras 9, 64.

3 Ibid., para 129.

4 Ibid., paras 5, 7, 76.

The attempt to develop a TUC economic policy emerged ironically from the Labour Government's pressures on the unions under incomes policy. When the Government first imposed this pressure in 1965 the TUC responded by establishing the Incomes Policy Committee, though it is doubtful whether this was in fact used to secure any real measure of restraint.¹ The committee was suspended for the duration of the 1966 freeze, but despite increasing opposition from the union left it was reinstated when the freeze was lifted. Most union leaders accepted the argument that if they did not continue some form of monitoring the Government would only intensify its own controls.

The TUC's strategy was to limit state interference in collective bargaining even at the expense of becoming involved in a difficult relationship of co-operation with Government policies. In other words, they preferred voluntarist to statist corporatism. However, this policy was pursued with different emphases by the various factions. Unions traditionally associated with the Labour Party right were willing to accept a considerable degree of Government intervention, and though they preferred to develop voluntary alternatives, they took the view that if these failed the unions could not complain if the state did intervene:

... if we cannot trust the TUC and support this plan, whilst at the same time calling for the Government to plan even more stringently in certain areas of our economic life, then I think - and I say this deliberately - we deserve the legislation that we have and that which seems imminent.²

1 Dorfman, op. cit., p.138.

2 Mr. Jack Peel, general secretary, National Union of Dyers, Bleachers/
Report of Conference of Executives 1969 published with Economic Review 1969. and Textile Workers,

To a large extent they took up the same position as Labour Ministers, identifying state intervention with socialism.¹

The 'left-wing' unions on the other hand rejected state intervention entirely, holding fast to liberal collectivism,² and occasionally holding a liberal position which emphasised the dangers of the merging of political and industrial issues.³ On the freedom of bargaining these unions were joined by a further group - those, principally representing white-collar workers, whose unions had no attachment to the Labour Party and hence no particular commitment to its policies.⁴

1 See contributions to TUC debates by: Sir William Carron (President AEU) and Mr. L. Cannon (general secretary, Electrical Trades Union) (TUC Report 1966 pp.456ff); Mr. E. Quigley (10th Foundry Workers) and Lord Cooper (general secretary, General and Municipal Workers' Union) (TUC Report 1967 p.527ff); and to conference of executives by Mr. Cannon (Economic Review, 1969).

2 See contributions to TUC debates by: Mr. D. McGarvey (Boilermakers Society) (TUC Report 1965, p.473ff); Mr. Frank Cousins (TCWU) and Mr. N. Willis (National Graphical Association) (TUC Report 1967, p.527ff); and to conference of executives by Mr. G. Doughty (DATA), H. Scanlon (AUEW), Mr. C. Jenkins (ASTMS) and Mr. McGarvey (Economic Review 1969).

3 See contributions to TUC debate by Mr. W. Paynter (NUM) and Mr. McGarvey (TUC Report 1966, p.456ff).

4 Further, these unions feared that their differentials might become compressed under incomes policy (TUC Reports: 1966, pp.456-466; 1967, pp.527-537). There was in fact some overlap between white-collar unions representing highly paid workers and the group called here the 'left'. A striking instance of this is the pamphlet A Declaration of Dissent published by five technicians' unions who had voted against supporting Government policy as early as the Conference of union executives in April 1965 (London, published jointly by ACTT, ASGW, ASSET, DATA, STCS, 1965).

At first those unions identified here as the 'left' were only a minority within the TUC. The majority was prepared to implement voluntary policies which would secure the same results as state incomes policy, while retaining voluntarism and TUC discretion over control of the policy. In 1964 this did not need to go further than principled acceptance of the need for restraint and then, in 1965, formal signature of the Declaration of Intent. When, before the end of that year, the Government had become dissatisfied with the success of this arrangement and the first moves towards statutory control began, the majority of the TUC accepted the responsibility of itself applying the criteria of restraint in order to ward off Government control.¹ But the policy became increasingly onerous in its demands on unions, and the pressures for higher pay from the membership became stronger. The left within the TUC voiced this frustration, and by 1967 a majority of Congress ^{rejected} the General Council's policy of compliance with the Government.²

In response to these opposing pressures the TUC increasingly took the initiative in formulating its own incomes policy, rather than accept the guidelines of that formulated by the state, but it meant still accepting some degree of restraint.³ An important aspect of the policy was the formulation of the TUC's own growth target and the publication of the economic reviews discussed above.⁴ The

1 TUC, Report 1965, pp.465-496.

2 TUC, Report 1967, pp.527-543.

3 It is clear that the TUC's policy put more stress on the low pay criterion than did the NBPI (see TUC, Incomes Policy Bulletins, May 1967 onwards, monthly,).

4 Following the 1969 Economic Review the TUC's incomes policy strengthened the priority given to the low paid, advocating larger increases for them than for other workers. (Incomes Policy Bulletin, May 1969).

frequency with which TUC representatives met Government Ministers to press them to adopt policies of growth and income redistribution increased considerably from 1968.¹

In 1970 a further step in the direction of developing an autonomous policy occurred. The Incomes Policy Committee, which had initially been established in 1965 as the vetting machinery for incomes policy, was transformed into a Collective Bargaining Committee, the brief for which was not simply to secure restraint but actively to assist unions strengthen and improve their bargaining, to help define strategies for them, and to identify targets for action.² In particular this committee assisted the TUC in its attempts, in the wake of the Donovan Commission, to encourage the reform of bargaining procedures, and to prosecute the campaign for raising the wages of the low paid which the unions had developed partly as a rebuff to the Government's claims for its own incomes policy.

In enumerating these developments in the role of the TUC the following conclusions may be drawn. First, one can note the increasing militancy and politicisation of the TUC's (and the unions') stance. By the end of the period the traditional barrier between industrial and political action was becoming very thin indeed, and

1 TUC General Council Report in TUC Report 1969 p.413ff.

2 TUC, Economic Review 1970, p.131ff. The previous year the Incomes Policy Committee had requested unions to lodge copies of all their agreements with it so that it could establish a store of information which could be used in turn by unions. (Incomes Policy Bulletin, May 1969). Also in 1969 the TUC published a series of pamphlets designed to help unions in bargaining: Work Study and Payment by Results, Job Evaluation and Merit Rating, Productivity Bargaining, and Costs and Profits.

the TUC had extended its activities in political affairs considerably. Second, the increasing role of the TUC among the unions should be noted. For several years it had been a theme of critics that the TUC should take a more central role in co-ordinating unions in order to impart greater order into bargaining and assist Government incomes policy. It was in this spirit that the Government placed increasing demands on the Congress. But ironically the intensification of the TUC's role occurred at this time of increasing politicisation, and its net effect may have been to assist the unions in co-ordinating their response to Government policy rather than in imposing that policy upon them. This too will become even more evident when industrial relations policy is discussed.

Third, while tracing the increasing militancy of the TUC and the unions, it is important to note the reactive nature of this. There is considerable evidence that even the most left-wing union leaders would have preferred to have continued their traditional practices of industrial bargaining in conditions of economic growth. The unions did not seek a new political role by themselves. This was thrust upon them by the incomes policy of the state, but since the state's demand that, in effect, the unions operate as its agents, could not be accepted, the unions' response had to be one of increasing political militancy. Finally, therefore, on the basis of the evidence considered here of the role of the TUC, although by 1970 the unions had moved considerably from the role envisaged for them in the Compromise (and were to move considerably further than that in subsequent years), this was in fact the paradoxical consequence of their trying to hold fast to the terms of the Compromise when it had become increasingly unacceptable to the Government.

Response of the CBI.

Employers' organisations had co-operated with the Conservative policy of 1961-4, and participated in the tripartite declaration of 1964 which ushered in Labour's voluntary policy. They then envisaged a policy which was very much a continuation of the terms of the Compromise, with heavy stress on voluntarism in wage determination (perhaps mainly in order to secure voluntarism in price determination), though they did from the outset express a preference for this to be accompanied by some increase in unemployment.¹ When the Government introduced the first elements of statutory control in 1965 the CBI, like the TUC, responded with reluctant co-operation,² though it attacked vigorously some of the early references to the NBPI of price increases.³

As the Government developed its strategy of exacting increasingly severe terms for voluntary co-operation under the threat of alternative statutory controls, the CBI, again like the TUC, found itself in an increasingly difficult position. It was threatened with the possibility of becoming an agency of the state, and of moving into a difficult relationship with its members, whom it was increasingly expected to 'police'.⁴ Its response was, in form though by no means in content, similar to that of the TUC. It sought first to insist on certain terms for the implementation of a voluntary policy

1 Confederation of British Industry, Annual Report 1965 (London, CBI, 1966), p.9.

2 Ibid., p.4.

3 CBI, Annual Report 1966, p.13.

4 Ibid., p.12.

principally easing the criteria for dividend restraint and salaries.¹ Soon, as with the TUC, this policy of seeking independence within the terms of voluntary co-operation became a strategy of taking the initiative in policy-making. In particular it adopted two strategies: productivity improvements² and the reform of industrial relations legislation. Both policies had the advantage (where employers were concerned) of limiting state intervention and throwing the weight of constraints over labour on to the market exchange where employers could act autonomously. The function of productivity improvements has been discussed in chapter four, but it is important to note that it was not until 1968 that the CBI accepted that a crucial implication of productivity agreements was the decentralisation of bargaining.³ As the representative of the employers' associations the CBI had stood firm by the national-level bargaining structures from which these bodies drew their strength. In addition, it (and they) had feared the implications of involving the union representatives in discussions of working practices. But by 1968 the CBI had accepted the need for changes in this institutional structure if employers were to regain their authority and provide room to accommodate pay increases through productivity agreements.

The second strand of policy, law reform, is the subject of chapter thirteen and will not be discussed in detail here. In its reliance on this strategy the CBI was following similar lines to the Conservative Opposition. Like the Conservatives, it was uneasy about

1 Ibid., pp.13,34; Annual Report, 1967, p.16,17.

2 CBI, Annual Report 1966, p.33; Annual Report 1967, p.34.

3 CBI, Productivity Agreements (London, CBI, 1968).

a statutory incomes policy, not only for the reasons already discussed, but also for its feared consequences for initiative and enterprise. Like Conservative spokesmen, the CBI described the voluntary process of income determination (even when served through collective bargaining) in the language of entrepreneurship.

However, unlike the Conservatives, the CBI did not adopt a position of all-out opposition to statutory controls. It considered that some kind of continuing state support for managerial authority was essential. Its clear preference was for the state simply to reform industrial relations law, since this appeared to interfere least with managerial autonomy; but in the absence of such reforms the CBI preferred an incomes policy to a return to the orthodox voluntarism to which it had been initially committed. Indeed, in 1969 it called for a strengthening of statutory controls,¹ and in 1969 when the Government removed most controls, the CBI returned to what had been its own declared preference in 1965 - voluntary co-operation with the TUC - in a spirit of resignation.² Its disaffection with the Labour Government was completed by the latter's ^{and} renunciation of its Industrial Relations Bill, ^{and} its decisions to switch the attention of incomes policy to low pay and to establish the Commission on Industry and Manpower which would inquire into managerial as well as union power.³

Summarising the shifts in the CBI's position from support for the Compromise, it was led, via the need to avoid becoming an agency

1 CBI, Industrial Management and the Next Two Years, 1968, p.8.

2 CBI, Annual Report 1969, p.6.

3 Ibid., pp.5, 6, 21, 22.

of the state, to express an increasing militancy of its own. Under continuing pressure from both Government and unions, the employers gradually renounced most of the assumptions of the Compromise and looked for assistance to managerial power from the state, but sought to achieve this without detailed state involvement.

Meanwhile, as in previous periods of incomes policy, the actions of individual companies were shaped by different constraints than those of organised employer opinion. Apart from the autonomous development of productivity bargaining, the implications of which have already been discussed, individual employers were frequently more likely to concede to the pressure of workers' pay demands than to the dictates of policy.

Conclusions

By the end of 1968 the Conservative retreat from incomes policy was complete, and the Labour Government was preparing its own shift towards a strategy of reforming industrial relations law. It is therefore at that point that the dominant role which incomes policy had been acquiring since 1961 came to a temporary stop. The tensions of the period of Labour Government incomes policy can be seen as a continuation of the same questions which had emerged in the earlier period, with certain added elements resulting from the relationship between the Labour Party and the unions. The fundamental question remained the search by the state for a new means of controlling the inflationary consequences of the demands of subordinates given the unavailability of both classical (negative) and Keynesian (positive) market sanctions, and the role of powerful labour organisations with entrenched rights.

The eventual failure of the incomes policy can be attributed to the fact that none of the parties involved were prepared to pursue the logic of corporatism or state control to the extent where they erected effective constraints. Employers were reluctant to accept a high level of state involvement in industry, fearing its threat to the liberal economic model which remained a touchstone for British industrialists. They were perhaps also reluctant to accept another correlate of corporatism: worker involvement. Although productivity bargaining had made important inroads, there was still considerable reluctance to adopt it and similar strategies. Employers' organisations, particularly the CBI (whose own existence was a product of the voluntarist corporatist process) were prepared to go so far as to seek limited voluntary understandings with the

TUC and the Government, but many individual employers just responded by evasion. Eventually the CBI saw an escape from this entanglement in industrial relations law reform. It would not be true to say that employers were struggling to return to the Compromise, though many firms in fact took that path as the least unattractive form of labour relations open to them. But they were increasingly disillusioned with the incomes policy experiment.

But most important was the response of the unions. As in 1961, had they been prepared to accept the criteria of incomes policy and co-operate in the control of their memberships according to its dictates, employers and the state would have been able to develop a thoroughgoing voluntary corporatism without their own roles being greatly changed. But the unions were not prepared to accept this. The internal structure of many British unions made it impossible for the centre to dominate the base, while in any case it is doubtful whether many union leaders actually wanted to do so. They were certainly not prepared to accept a form of state restriction of the bargaining process which made their own activities redundant. Unlike the employers the unions obviously did not suggest restrictive legal measures as an alternative. Rather their response to inflation and the economic crisis was to advocate continued economic growth within which a modest agreed restraint could be voluntary^{il} enforced. The unions therefore remained the surviving support of a substantial element of liberalism in British industrial relations policy in this period, just as they had been the main inhibition on the corporatist tendencies of the much milder Conservative policy before.

As has been hinted at in the discussion earlier in this

chapter on the position of the unions, the tensions on them during this period of Labour Government came from three sources: most obviously the tension between liberal collectivism (their traditional policy and the one which made relations with their shop-floor membership easier) and the new corporatism (towards which loyalties to the Labour Party and a more general desire not to become involved in outright conflict with ^{the} state led them). But there was also the third possibility, of taking advantage of the new position offered by the dependence on them of Government and employers to participate in corporatist institutions while retaining a powerful autonomy: in other words to extend the scope of bargaining to the political arena, bargaining income restraint for wider reforms.

In effect this had been the strategy offered to the unions by Labour in 1964, though as has been shown there was in fact little in its policy measures which met these claims. The inhibitions on the unions adopting this new path were considerable. It was not their familiar field of operation; it would involve difficult relations with the shop-floor who probably had little interest in them; and there were grounds for severe doubts over whether the state was prepared to deliver the bargain. However, one can identify tentative moves in this direction by the unions during the period of Labour Government. The development of an autonomous incomes policy by the TUC was one instance. Further examples began to emerge during the final year of the Labour Government, as the constraints of incomes policy and the threat of industrial relations legislation receded and the unions took on a new role. Since a consideration of this involves the industrial relations as well as incomes policy issues, discussion of it will be left until the next

chapter.

As far as the present chapter is concerned its central conclusions concern the shifting pressures on the Labour Government. In 1964 there was a widespread if not universal consensus on the desirability of a voluntary tripartite incomes policy, and over the following few years increasing pressure from international creditors led to the introduction and subsequent strengthening of a statutory element in this. But in that process the consensus collapsed; the Conservative Opposition, the Labour Left, the unions and employers all withdrawing their support, some in favour of legal controls and others in favour of a return to the Compromise. The Government was left with little incentive to maintain a policy which was unpopular, which was alienating its base within the Labour movement and which involved dangerous fusions of industrial and political conflict. It moved, in turn, in the opposite directions taken by the other actors in the situation: first to industrial relations law reform and then to a looser, voluntarist incomes policy.

CHAPTER 13

INDUSTRIAL RELATIONS REFORM,

1968-1971

The Labour Government's adoption by the end of 1968 of a policy of changing industrial relations law was described in chapter ten as being simple statism rather than corporatism. The proposed measures did not involve the state co-opting the powers of the unions to assist in disciplining the work-force. The measures were proposed at a time when the Government had wearied of seeking agreed incomes policies with the TUC and when relations between the two were very strained. It had also become clear under incomes policy that most militant action was out of the control union of leaderships anyway. All the Government was seeking were certain means whereby the state, intervening from outside, could check or at least delay industrial action. It was the limited nature of the changes which disappointed both the CBI and the Conservative Opposition.

The policy therefore managed to avoid corporatist entanglements by tackling only some of the issues involved, and by ignoring the potential disciplinary role of the unions. Interestingly, it was the hostile response of the latter to the proposals which led the Prime Minister to propose an alternative which was shown in chapter ten to be highly voluntary-corporatist as a compromise between the demands of the unions for no legislation and the Government's determination to have state controls. The Government offered that it would not need to introduce legislation if the TUC

would amend its own rules, giving it more power to require member unions in turn to discipline their unofficial strikers.¹ When this solution was rejected a compromise finally emerged which, like the TUC incomes policy described in chapter twelve, maintained a strong element of union autonomy with acceptance of a degree of voluntary corporation. The TUC offered to use its powers to prevent or at least halt disputes, but refused to accept a priori that unofficial strikers were always the party 'at fault', and refused to accept state dictation of the terms of their intervention or any compulsory powers over unions to secure discipline. This was pursued at the same time as the Government's return to a relatively non-statutory co-operative incomes policy. The Government was trying to repair its relations with the unions after the major rifts of the preceding years. The National Board for Prices and Incomes would be amalgamated with the Monopolies Commission in the Commission for Industry and Manpower, the emphasis of its work shifting from the control of wages to the investigation of the 'market power' of companies.² As some NBPI reports had indicated,³ this market power was often an important element enabling companies to concede large wage claims, but the pressure would now be on managements and not unions.⁴

1 It had also called for TUC intervention in inter-union disputes; this had been accepted with less difficulty (Report of General Council, TUC Report 1969 (London, TUC, 1970), pp.214-8.

2 HM Government, Productivity, Prices and Incomes Policy after 1969, Cmnd 4237 (London, HMSO, 1969), para 24.

3 NBPI Report No. 122, Fourth General Report, July 1968 to July 1969, Cmnd 4130, para 25

4 The TUC welcomed the establishment of the CIM and this change in emphasis (General Council Report, TUC, Report, 1970), pp.456, 7.

Incomes policy also shifted towards the problems of the low paid, a move paralleled by the TUC's Collective Bargaining Committee.¹ An Industrial Relations Bill was introduced which gave unions considerably increased rights without new obligations. In return for all this the TUC accepted its new industrial peace-making role, with the reluctant co-operation of the Confederation of British Industry.² And the TUC also carried on its own programme of post-Donovan reforms aimed at changing bargaining systems. Although in some ways these reforms would strengthen unions' bargaining position it was also a plan for securing greater order in relations between unions and their shop stewards.³ It is possible to interpret these moves as a form of bargained voluntary corporatism. The unions accepted an activist if not coercive state, shared certain policy objectives with Government and employers and took on elements of a role of controlling

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- 1 A left-wing minority of the TUC continued to oppose co-operation with even the limited statutory provisions of the 1969 incomes policy (See Report of Proceedings of 1969 Conference of Executives in TUC, Economic Review 1969 (London, TUC, 1969).
 - 2 TUC Press Statement on joint CBI/TUC initiatives (October 1968).
 - 3 In November 1968 the TUC published its document Action on Donovan, which set out a new role for itself as co-ordinator of union activities on industrial relations problems. In 1969, when the Government threatened legislation, a special Congress was convened which approved a Programme for Action. This accepted a role for the TUC in encouraging industrial relations reform and was intended as a voluntary response which would render legislation unnecessary. Later in the year, following its 'solemn and binding' undertaking to the Government the TUC declared that all unions had an obligation to inform it of any major disputes, and asserted the right of the TUC to take the initiative in intervening in disputes, though without any presumption as to the nature of its intervention (TUC, Press Statement July 1969). The following year it called on unions to produce clear rules on strike procedures and the role of shop stewards, (specifying the limits to the latter's authority (Press Statement, January 1970). But as well as these limits on stewards the TUC also sought their wider recognition, advocated the provision of facilities for them to do their work (Press Statement, May 1971).

their own members; they accepted the priority of managerial order. But they did this in exchange for certain important policy gains. The TUC became more closely involved in policy discussion, involving the acceptance of some government and employer perspectives but also pressing their own strategies on the state. It also returned to its old formula that there could be co-operation on incomes policy if there was economic growth and social justice.¹

These developments at the end of the Labour Government draw attention to some important conclusions: (i) that corporatism has usually appeared as an alternative to simpler, harsher measures, involving as it does the co-option of union's own power as an alternative to external coercion of either a legal or an economic kind; and (ii), related to that, further compromises between corporatist and liberal collectivism strategies produce a kind of bargained corporatism which has presented both challenges and dangers to the unions. The bargained corporatism of 1969-70 should not be overstressed; these were minor developments, and although four years later they were taken up again at a more advanced level in relations between a new Labour Government and the unions, any process of evolution from 1969 to 1974 has first to recognise the interruption from very different policies of most of that intervening period. This time the sudden change in the direction of policy resulted from a straightforward political change: the election of the Conservatives in June 1970.

¹ TUC, Economic Review 1970, ch.4.

THE CONFLICT OVER THE 1971 ACT

By 1968 Conservative policy had become fully committed to the line of thinking which had been identifiable within the Party from 1957 onwards: a return to market sanctions alongside legal measures to weaken the power of organised labour. At first, as was seen in chapter eleven, this strategy had only minority support. The Conservative leadership had been too fully committed to the compromise to accept either a departure from the full employment policy or an attempt to change the voluntarist nature of industrial relations law. Organised employers had been similarly committed to voluntarism. Then, in the early 1960s the Party had moved in a very different direction, right away from a return to market strategies towards indicative planning and an attempt at a consensual incomes policy. Since that period several developments had occurred. The Party had been in Opposition and had therefore had the opportunity to return to an explicitly ideological re-examination of its policies. The statutory incomes policy of the Labour Government had become increasingly unpopular, and the general level of state involvement in productive industry was reaching levels which were strongly opposed by the free-market wing of the Tory Party. Finally, the level of unofficial strike activity was rising, creating concern among sections of industrial opinion about the 'power' of organised labour, and the inability or unwillingness of the unions to control it.

Ideas for a legal reform of industrial relations which would impose a range of restraints on workers' ability to impose pressure on their employers gained currency among organised employers, as has been seen from their evidence to the Donovan Commission in

chapter nine. Within the Conservative Party this policy was located more firmly within the context of a general return to market strategies. There were four elements to the policy, each of which can be seen as continuations of views expressed by Conservatives in the late 1950s: (i) the law reform measures, seen as consistent with laissez-faire because they involved a passive rather than an interventionist role for the state, and because in some areas they restored 'individualism' over collectivism; (ii) greater reliance on monetary policy, together with much less state intervention to prevent redundancies (involving a higher level of unemployment); (iii) a firm policy of resistance to pay claims in the public sector (also seen as a return to the disciplines of the market economy); and (iv) an end to the frequent compromise interventions by Government in industrial disputes, which the Party considered led to high pay settlements to prevent widespread conflict (seen similarly as a return to market discipline).

Just as Labour spokesmen had incurred some difficulty in presenting their incomes policies as consistent with the Party's typical policy stances, so Tory presentation of its industrial relations policy contained important paradoxes - though these did not involve any internal party disputes. As has been shown in chapters eight to ten the Conservatives were reconciling with a laissez-faire rhetoric what were in fact highly corporatist policies. Further, the Party needed to reconcile its central post-war stance as the party of national unity with its new militancy. At times Conservative spokesmen, particularly the Party leader, Mr Edward Heath, were eager to stress the extent to which they were departing from the era of the Compromise:

In these circumstances [of unofficial strikes and other aspects of conflictual industrial relations] any government would be failing in its duty if it did not act to break the vice of out-dated attitudes and laws which has had its stranglehold on industrial opportunity for a quarter of a century and more.¹

But they were also eager to stress the compatibility of the new policy with traditional voluntarist British industrial relations practice, as interpreted through the renewed market individualism of the Party.² Three major sets of arguments were deployed for this purpose: (i) that the legal changes were simply changes in the background of industrial relations, and not a move towards a new level of state intervention;³ (ii) that the law was in any case only intended as a long-stop when voluntary measures failed, increasing stress being placed on the voluntary reforms which would be consequent on the implementation by industry of the proposed Code of Industrial Relations Practice⁴ and as a result of the effects on behaviour of the existence of the law in the background;⁵ (iii) that the new Bill encouraged the strengthening of trade unions, and that therefore the Bill was not 'anti-union'.⁶ It was frequently stressed that the Bill would be a means of extricating the State from

1 Hansard, 1970 vol.803 col.1136 (Mr. Edward Heath, Prime Minister).

2 Ibid., 1970, vol.807 cols.632,637 (Mr. Robert Carr, Secretary of State for Employment), 736 (Sir Geoffrey Howe, Solicitor General); vol.808 cols.963,986 (Mr. Carr), 1067 (Mr. Dudley Smith, Minister of State at the Department of Employment).

3 Ibid., 1970 vol.807 cols.649 (Mr. Carr) ; vol.808 cols.983, (Mr. Carr) 1071 (Mr. Smith).

4 Ibid., vol.808 cols.972 (Mr. Carr).

5 Ibid., cols.1071 (Mr. Smith) 1132 (Mr. Heath).

6 Ibid., cols.964, 6 (Mr. Carr).

involvement in collective bargaining.¹

The first argument was stressed over and again. On several occasions spokesmen made the market-liberal point that the main purpose of the Bill would be to restore the importance of contract.² Further, the role of this new legal interventionism was assimilated to the general strategy briefly adopted by the Party in 1969-71 of restoring 'law and order';³ that is, the Bill was not part of a policy of state intervention in industry, but of the general maintenance of order as in the laissez-faire model of the state.

In one notable speech⁴ the Solicitor-General, Sir Geoffrey Howe, dealt explicitly with the accusations that the Bill marked a step towards a corporate state (or, as he termed it, a 'first step towards a Fascist society'). In doing so he dealt with several points directly relevant to the framework being used in the present analysis. The Bill was: 'designed to uphold collective bargaining, freely and responsibly conducted; it is designed to uphold the free association of workers in independent trade unions; and it is designed to uphold the freedom and security of individual workers':

All that the Government can do is to try to create an atmosphere and environment which offers managers, trade union officials and workpeople the best chance of regulating their own affairs productively, fruitfully and with due regard to the community's interest.

1 Speech at Party Conference 1968 by Mr. Carr (Conference Report 1968, p.32-5).

2 Speeches by Mr. Maudling (Deputy Leader of the Party) at Barnet, January 3, 1970; and by Mr. Peter Thomas (Secretary of State for Wales), at Young Conservatives Conference, December 5 1970.

3 Speeches by Mr. Carr: Rugby (November 26 1969), Bridgewater (March 5 1970), and Radio Broadcast, December 17 1970.

4 Speech to a meeting of the Industrial Society, Glasgow, December 8 1970.

However, at a further point in the speech Sir Geoffrey formulated a role for the Government which was not strictly compatible with the market liberal model:

Can anyone deny the need for a responsible Government representing the wider interests of the community, to define what is fair and unfair in the conduct of human relations in the factory, shop and office?

In their emphasis on the fact that law could not solve everything the Conservatives fell back, not only on market sanctions but on familiar corporatist exhortations to national unity and the involvement of the work force.¹ In one striking passage Mr. Heath expressed the 'managerial' as opposed to traditional corporatism which has been identified at several points in this study. Referring to the existing law of industrial relations as having been formed to meet the conditions of a different age, he said:

That was the age of conflict between capital and labour: conflict that was regarded as natural, as inevitable, as perpetual ...

The conflict of masters and men has been in limbo these 30 years past. Today we have managers and unions. Ownership of industrial enterprises now resides for the most part, not in the hands of one or two individuals but is spread among hundreds of thousands of shareholders - including workers, pensioners and small savers - or, to a regrettably increasing extent, in the hands of the state itself. And the managers of these enterprises are just as responsible to this large and amorphous mass of shareholders as is the union leader to the members who pay their union dues and look to him for the protection of their rights and interests ...

What chance have managers got of making British industry competitive in world markets when they are continuously and ceaselessly harassed and worn-down by the never-ending grind of bad industrial relations, unpredictable stoppages and irresponsible walk-outs?

In these circumstances any government would be failing in its

¹ Hansard, 1970, vol.808 cols.1009 (Mr. T. Normanton), 1191 (Mr. J. Stokes).

duty if it did not act to break the vice of out-dated attitudes and laws which has had its stranglehold on individual opportunity for a quarter of a century and more.¹

The idea of the unions as an estate of the realm was heard again,² as was the highly organicist concept of industrial conflict as disease.³ However, these expressions acquired a status greater than that of mere expressions of view in so far as they were embodied in the Code of Industrial Relations Practice, the private corporatist elements of which were discussed in chapter ten.⁴ But the most significant corporatist innovation of the policy was of course its treatment of unions and their relation to their members. The Party's neo-liberalism did not extend, even in rhetorical terms, to an attempt to reverse the collectivism of the work-force, though there was the central paradox noted in chapter ten that, while the importance of trade-union leadership and control over their workers was stressed where militancy and strike-proneness of individual workers was concerned, and while the general model of the worker embodied in the policy was of a co-operative, subordinate, Conservatives placed great weight on values of individual freedom where the individual concerned was a non-militant or non-unionist:

I do not see why any worker should be answerable to anyone, to me, to any other Member of this House, to the trade unions or to the employers. He is answerable only to his Maker. That is a man's right, not a privilege ...⁵

1 Speech by Mr. Heath to annual conference of Conservative Trade Unionists, April 4, 1970.

2 Hansard, 1970, vol.803 col.1244 (Sir Geoffrey Howe).

3 Ibid., vol.807 cols.637 (Mr. Carr).

4 See speech by Mr. Heath to Guild of British Newspaper Editors, Bath, April 11, 1970.

5 Ibid., vol.808 col.1027 (Mr. D.G. Stewart-Smith).

But Conservatives also claimed to favour 'strong unions'. The major point of interest is of course the meaning given to 'strong', since this determines whether the collectivism has a liberal or a corporatist tendency. The analysis in chapter ten strongly suggested the latter, and this is borne out in political comment. Virtually without exception, union 'strength' referred to unions having the strength to resist or discipline shop-floor pressure for militant action. It was never used to refer to union strength against employers in the course of bargaining.¹ Closely linked to this theme was the distinction drawn between official unions which, given behaviour within a new legal framework, were welcomed, and unofficial groups. The latter were, without exception, envisaged as the action of anarchists, wreckers and totally negative forces, and unrestrained language was used to describe them.²

The Conservatives' central concern was the re-establishment of order in industry.³ Bargaining had threatened order, bringing about instability and unpredictability. They contrasted the typical United States strike (which took place at conveniently predictable points in time at the expiration of a contract) favourably with the ad hoc and sudden strikes of the unofficial British dispute:

1 Ibid., vol.807 cols.635,645 (Mr. Carr) vol.808, cols.964,976 (Mr. Carr).

2 Ibid., vol.808 col.1075 (Mr. Smith).

3 Ibid., vol.807 col.634 (Mr. Carr).

I am convinced that anybody looking objectively at the industrial scene in Britain today must agree that new rules are needed, that liberty has in some areas degenerated into licence, that the balance between order and chaos is in need of being redressed in favour of a more orderly and disciplined system and that the freedom of the ordinary industrial worker will be increased and not diminished by a change which brings that about.¹

These legal reforms would ensure that collective bargaining aided rather than interfered with this order,² and introduced rationality and ordered values into pay determination³ and other aspects of industrial relations.

As discussed in chapter ten, the neo-liberalism of the new industrial relations policy was in fact concentrated within a very narrow area; it did not apply to pluralism, union autonomy, or even the exclusion of ethical criteria (for although the concept of fairness had been banished from political debate over income determination, it returned in the idea of the 'unfair industrial practice'). Liberalism referred simply to the withdrawal of the state from day-to-day intervention in industry, in particular in contrast to the Labour Government's incomes policy. That the industrial relations policy was intended as a substitute for incomes policy was rarely stated in public, though exceptions can be found.⁴

The response of the Labour Opposition in Parliament to the

1 Ibid., vol.808 col.963 (Mr Carr).

2 Ibid., vol.807 col.702 (Mr. R. Mawby).

3 Ibid., vol.808 col.1007 (Mr. Normanton).

4 Ibid., col.1135 (Mr. Heath). In 1968 a Conservative Party research document had argued that an incomes policy based on a 'coherent reform of industrial relations' was a preferable alternative to one based on 'the development of a system of controls and interference' Conservative Research Dept., Prices and Incomes Theory (Old Queen Street Paper No.6, 1968), p.15.

Bill included a mixture of different arguments. At one level the debate over the Bill provided an opportunity for the Party to re-assert the unity which had been lost during the controversies of office. Although Mrs. Castle, Secretary of State for Employment and Productivity at the time of In Place of Strife, remained employment spokesman, she and other former Ministers joined with the party's Left in opposing legal interference with free collective bargaining. The Left celebrated the occasion of the debates as a major victory for socialism.¹ The Party's official position now included a forthright assertion of union rights and the need for workers to be equipped to challenge the authority of management.² In particular they returned to the ardent defence of voluntarism which had been the position of the Left throughout the Labour Government.³

But it should be noted that the continuing ambiguities of the Compromise were still embedded in these assertions, even when voiced by spokesmen from the Party's left wing. Voluntarism, collective bargaining, liberal collectivism are all, as has been stressed throughout this study, strategies which accept the ultimate subordination of labour; whatever revolutionary slogans might accompany the opposition to the Bill this opposition was still contained within the framework of the employment relationship, the need for stability and industrial peace. On only one occasion did a Labour

1 E. Heffer, The Class Struggle in Parliament (London, Gollancz, 1973) is an example of this.

2 Hansard, vol.807 col.655-659 (Mrs. Barbara Castle).

3 Ibid., vol.807 cols.6524, 657 (Mrs. Castle) 729 (Mr. Eric Heffer) vol.808 cols.996,1000 (Mrs. Castle).

MP link opposition to the Conservative Bill to continuing support for an incomes policy,¹ but the need for reform in industrial relations was frequently accepted, emphasis being placed on the need for it to be voluntary.² Most prominently of all Labour attacked the Bill for its likely exacerbation of conflict, whether within industry or across the politics/industry divide.³ On occasions this became the accusation that the Conservatives would in some sense be conniving with extremists' among the work force at fomenting unrest. For example, Mr. Wilson referred to the Bill as 'a militants' charter or a "Trots"' charter, because it is the militants who will be encouraged', and later referred:

... to the growth of shop floor power, industrial militancy, part of it spontaneous and part of it capable of being created by unscrupulous unofficial leaders. This is the central fact of the 1970s. The Bill ... will encourage the militants to overbid the responsible trade union leadership.⁴

Of course, such arguments are largely debating points, but they do at the same time indicate the narrow area of the Parliamentary debate. It is also important that some of the criticisms made of the Bill concerned the fact that it was too legalistic and therefore confusing,⁵ and that its origins were largely American.⁶ In several

1 Ibid., vol.808 col.1055 (Mr. W.T. Williams)

2 Ibid., vol.807 cols.703 (Mr. E. Milne) 725 (Mr.P. Duffy).

3 Ibid., vol.807 col.695 (Mr Fred Lee) vol.808 col.1060 (Mr. Heffer), 1151 (Mr. D. Houghton), 1217 (Mr. S. Orme).

4 Ibid., vol.808 col.1227 (Mr. Wilson).

5 Ibid., col.1207, 1231 (Mr. Wilson).

6 Ibid., col.1225 (Mr. Wilson). See a similar comment in the TUC's response to the Bill (Press Statement, October 1970).

important senses Labour's position was again what it had been in the 1950s and early 1960s: it accepted the need for restraint, fewer strikes and the reform of industrial relations, but insisted that these objectives could only be secured in the context of wider reforms which would enable workers to identify themselves more closely with the industrial order. The reforms proposed included the usual demands for social justice; when used by some spokesmen these implied simply a few ameliorative measures; others meant radical changes in the structure of industry and the ownership of wealth;¹ and on other occasions again they carried something of the mildly corporatist tone which had been noted in chapter twelve in connection with Labour's assertion of its new statism over 'laissez-faire' of various kinds.² Reform also implied encouraging workers' participation, which was again highly variable in its meanings.³

Within Parliament therefore a Conservative attempt at introducing private corporatism with strong state support was launched with the rhetoric of market individualism, and was opposed by an ambiguous Opposition formula which meant variously a return to the old Compromise, a new form of state corporatism or a move towards a new egalitarian radicalism. Outside Parliament, the TUC, its affiliated unions and various splinter groups on the far left were preparing acts of opposition which were to continue long after the passing of the Bill.

1 Hansard, vol.807 col.705 (Mr. Milne) vol.808 col.1146 (Mr. Houghton).

2 Ibid., vol.808 col.1003 (Mrs. Castle).

3 Ibid., vol.807 cols.656,665 (Mrs. Castle).

Union Opposition

The stance of the TUC and affiliated unions was a continuation of their position under the Labour Government. They had in the ending of wage control and the defeat of the Labour Bill found an ability to use their industrial strength in political conflicts; but in general, they remained committed to the institutions of the Compromise. For example, in its public policy document attacking the Bill the TUC affirmed its support for the old ways of the Ministry of Labour:

The Government has already reduced the value of the Employment Ministry's conciliation service. For years the Ministry's conciliation officers have had the respect of both sides of industry for their help in settling disputes between employer and unions.

On the election of the Conservative Government the TUC General Council had issued a statement reminiscent of that made on the election of the Conservatives in 1951, pledging co-operation on a non-partisan basis. It said that the TUC would expect the new Government to follow the traditional practice of extending the range and depth of consultation between Government and both sides of industry, and affirmed that the TUC's advice about the way to tackle the social, economic and industrial problems of this country will be readily available to this Government, as it was to previous Governments.²

By 1971 the TUC had further demonstrated its commitment to the Compromise by its advocacy of a new policy for industrial peace: the establishment of a Conciliation and Arbitration Service, to be

1 TUC, Reason, (London, TUC, 1971) (pages unnumbered).

2 TUC Press Statement, June 1970.

independent of Government, and to be concerned with resolving industrial conflicts before they le^d to major disputes. The policy can be seen as an attempt at releasing conciliation from the deep involvement with Government policy which had encroached upon it since the early 1960s, and at restoring the role of conciliation at a time when the Government was claiming that the pursuit of industrial peace had been given too great a priority in the past.

Two aspects of the TUC's campaign against the Bill are of interest: the particular arguments which it chose to use against it and the actions with which it sought to support those arguments. On the former, the TUC's statements, both in isolated comments, set speeches and the main publicity document, Reason, comprise a classic statement of liberal collectivism.

Some of the detailed arguments were concerned with such points as the practical difficulty of introducing the law into industrial relations, or the argument that 'irresponsible' elements would be encouraged rather than discouraged by its provisions. But the central concern for present purposes was an assertion of the importance of workers' combinations, independent of employers and deriving their strength from their members and not from a state licence. This was supported by a general rejection of state intervention and an affirmation of the voluntary principle in employer-union relations. A liberal model of conflict was stressed, conflict being regarded as intrinsic to industrial relations, and principally a matter of interests.

There is no indication of any disagreement among the unions

on the nature of the counter-argument, but the question of which practical strategy to adopt was a different matter. Broadly, three alternatives presented themselves:

(i) to accept the Government's ultimate right to introduce its Bill, but to try to organise opposition to it during its passage; to seek assurances from the Labour Party concerning its repeal by a future Labour Government; and (most important) to encourage all affiliated unions to withdraw completely from all co-operation with the institutions established under the Act.¹

(ii) to oppose the Bill on similar lines as in (i), but to secure the best deal available to unions within its terms by co-operating with it after implementation.²

(iii) to use all means at the disposal of the unions to prevent the Bill ever being implemented, making use of the strike weapon to do this, and employing the TUC's power to secure full co-operation in a policy of resistance and non-co-operation by all unions.³

In some senses the second option would constitute the classic TUC response under the Compromise: a combination of constitutionalism and collaboration. In the event however it was the policy of only a few unions, and in several of those cases the decision to

1 See speeches at special TUC on the Bill (TUC, The Industrial Relations Bill: Report of Special Trades Union Congress (London, TUC, 1971)) by Mr. Feather, Mr. Dannet (GMMU).

2 See speeches at idem by Mr. J. Peel, NUDBTW, Mr. F. Chapple (ETU).

3 See speeches at idem by Mr. J. Jones (TGWU), Mr. C. Jenkins (ASTMS), Mr. Scanlon (AUEW).

collaborate was based on the organisational dependence of the unions concerned on the state.* Advocates of both (i) and (ii) shared a respect for constitutional procedures. Involved here were the unions' deep respect for established political institutions, their own relationship to a political party, and their deep-seated fear of conflictual political involvement. In addition there was some concern that the Government was winning wide public support for its measures, and that strong opposition now could make the unions extremely unpopular.

But a strategy of collaboration with the new system secured less support among the unions. The Government was seeking to ensure that they would have to collaborate by taking such established bodies as the Industrial Court, various industrial tribunals and the recently established CIR, to all of which the unions were committed, and deeply enmeshing their operations with those of the controversial sections of the Act. Institutions characteristic of the Compromise were being inserted into a context which challenged certain important elements of it. This was the essential dilemma for the unions, and the large majority followed the guidance of the TUC and withdrew. An intimation of the TUC's new toughness had been given when the Government invited its comments on the Consultative Document which prepared the way for the Industrial Relations Bill itself. Although the TUC normally accepted nearly any invitation from governments which gave it a chance to affect legislation, in this case the TUC refused. It insisted that since the Government

* Such as the National Union of Seamen, actors' Equity, and the National Graphical^{Association}, each of whom would be gravely damaged by the new closed shop laws.

was allowing discussion over the details of the Bill only, the fact that the unions objected fundamentally to its basic principles rendered this a useless task.¹

Therefore position (i), involving a continuation of constitutionalism but with a withdrawal from the new context in which collaboration must take place, was the position adopted by the TUC General Council itself and the majority weight of the unions. However, on key issues this majority had only a very slight ascendancy over the militant position, (iii). At the special Congress called to decide the unions' response to the Bill the opposing perspectives - (i) and (iii) - clashed on two issues: (a) whether the TUC should require (on pain of expulsion) that affiliated unions withdraw from all co-operation with the Bill; and (b) whether it should call strikes and other demonstrations to protest against it. On the first the General Council secured a majority of just 771,000 out of nine million votes, and on the second one of 1,371,000.² The militant position as crystallised on these two questions can be seen as a product of two factors. First, there was the increasingly important role in co-ordinating and leading the union movement which the TUC had been acquiring over past years (initially at the encouragement of governments seeking to use it as a means of control over unions). Second, the militants were responding to the political power which the unions had been able to wield in past confrontations.³ The possibility of turning the great strike weapon

1 TUC Press Statements, October 1970.

2 Report of Croydon Conference, op. cit.,

3 Realisation of the power which would be wielded by a united movement under the TUC went further than among just the left; see debates on motion moved by Mr. Tom Jackson (UPW) at the 1969 Congress calling for more co-ordinated action (TUC, Report, 1969, pp.481-491), and on that moved by Mr. C. Plant (IRSA) on similar lines (TUC, Report, 1970, p.548ff).

from its normal narrowly industrial concerns to a major political question was now a real possibility.¹ But it was a possibility which the majority of unions were still not prepared to contemplate, voicing the traditional fears and objections to such a course.²

Unofficial plans for one-day strikes against the Bill went ahead, attracting limited support.³ But by 1971 the militant position had forced the hand of some unions leaderships, and two official one-day strikes each attracted the support of over 1½ million workers.⁴ Other unions organised demonstrations. A Bill introduced to reduce the politicisation of industrial conflict which incomes policy had produced had resulted in the biggest wave of political strikes in Britain since the General Strike of 1926, and relations between Government and unions reached their lowest position since the same period.

1 Speeches by Mr. Scanlon and by Mr. E. Marsden (Constructional Section, AUEW), Report of Special Congress.

2 Speeches by Mr. Feather, Mr. Peel and Mr. Grantham (CAWU) at idem.

3 Strikes attracted the support of between 350,000 and 600,000 workers on December 8 1970 (BJIR 'Chronicle', Vol IX (1971), p 99)

4 On March 1 and 18 1971 (Ibid., Vol IX (1971), p 258)

Conclusions

The Industrial Relations Bill passed through Parliament and became law in August 1971, and at that point, with the importation into English law of an essentially corporatist industrial relations legislation, this study ends. However, the degree of opposition aroused served as an indication of what was to follow. The TUC was already co-ordinating a programme of complete non-co-operation with the Registrar, the NIRC and its subordinate tribunals.¹

Events showed in the years between 1971 and 1974 that neither the Act nor the Industrial Relations Court established to administer it were able to take their place as 'non-political' elements of the civil law like, say, the Road Traffic Acts, as its authors had hoped.² It is interesting to note certain similarities between this experience and that of the level of unemployment. In pre-war years the unemployment rate was seen as ineluctable, beyond the control of governments; now it is seen as an element entirely within political control. It is impossible now to depoliticise the unemployment rate; and perhaps the same applies to law regulating industrial relations.

Organised employers had supported the Bill,³ seeking only minor amendments to the Consultative Document, following their policy stance before the Donovan Commission. However, it was becoming clear before the Act was passed that at least in the short term

1 Decisions of special Congress at Croydon, March 18 1971 (TUC Report of Special Trades Union Congress) See also TUC Press Statements, April, May 1971.

2 For an anticipation of the inevitable politicisation of the Act's day-to-day operations, see the Report of the TUC General Council to the 1971 Special Congress (op. cit.), paras 147, 148.

3 CBI, Annual Report 1970 (London, CBI, 1971), p.5,32ff.

many large individual employers would prefer to retain union goodwill by signing agreements with clauses affirming that they were not legally binding. What would have happened in the longer term if the Act had become firmly established it is impossible to tell, but in the immediate future of the Act the same process was seen as had been experienced with incomes policy from 1961-1969; whatever the commitment of the CBI and other employers' associations, industrial managements found the most easy strategy to be co-operation with the unions and shop-floor demands. Even when it was being eroded at national political level, the Compromise survived as an important element of day-to-day relations.

It was also beginning to emerge before the period covered by this study closes, that other elements of the Conservatives' strategy were failing. The expected rise in unemployment occurred, but was not accompanied by a lessening in inflation. The strategy of resistance in the public sector and withdrawal of conciliatory services lead to a massive increase in both the number, size and duration of strikes. Again, attempts at returning to a market strategy led only to increased politicisation. Not long after the close of the period under study, the Conservative Government made a massive shift in its policies towards incomes policy, heavy and detailed state intervention in industry, attempts to secure the consensus of the unions in national-level talks on economic planning, and a rhetoric of fairness in income determination.

In the discussion of the responses of the political parties to incomes policy interest centred mainly on the Labour Party, for it was that Party's problems in adapting the new policies to its traditional rhetoric and stances which were more significant. On the question of industrial relations legislation it is the Conservatives' position which most rewards study. Labour's attempt at an Industrial Relations Bill was brief, not at all widely discussed before the intense controversy over the Bill itself, and was mainly debated in terms familiar to those which had been adopted for the more protracted incomes policy controversy. For the Conservatives, however, the Industrial Relations Act was a gradually developing policy over a 13-year period. The Conservatives were not torn by divisions over it, any internal differences between advocates of the new policy and defenders of the old Compromise being minor and muted. However the development of the industrial relations policy throws an important light on the response of Conservatives to the policy challenges of the period.

Not much significance should be placed on the fact that Labour's central policy was on incomes and the Tories' on law reform. Much was made of the distinction by the Conservatives at the time (principally on the question of 'background' law versus continuing state intervention), and in some ways the two policies did fit more easily with the respective traditional policy stances of the opposing parties. But it is argued here that in several respects the two policies were simply tactics within a similar overall strategy. Some confirmation of this is provided, not only by the fact that Labour did attempt an Industrial Relations Bill for a period, but more dramatically by the fact that ^{by 1972} the two parties were distinguished

from one another on the question of statutory incomes policy on precisely the opposite sides from the ones they adopted in the period covered in this study. That 'similar overall strategy' has been described here as one of increasingly straying from the central ground of the post-war Compromise into policies approaching various forms of corporatism. Just as the Labour Party advocated such measures under the rhetoric of socialism, so the Conservatives introduced what was a very different but arguably even more strongly corporatist policy within the surface forms of a return to market liberalism.

In its original historical form, of course, market liberalism was ^{an} essentially individualist strategy and one dependent on the fundamental restraint on labour's counter-vailing power of a high level of unemployment. The Conservative Government of 1970 did employ aspects of the latter policy, though only of a marginal kind. In fact, for a series of complex reasons beyond the scope of this study, such marginal changes did not in the 1970s have the effect on wages pressure which had previously been anticipated. On the former point there was no question of the Tories using the level of coercion which would have been needed to break workers' combinations entirely. Once these two elements in the situation were accepted, it became necessary to adopt the strategy of using labour's organisations as one of the means through which the new power of labour could be disciplined. And this meant a fundamental shift from market liberalism to corporatism. Furthermore, because of the continuing power of labour as described, the Act could not in practice, as it

aspired in principle, return to a situation where a 'restored balance' between management and men could, with background legal support for management, secure order. The degree of legislative involvement was much greater. The law courts had the task of pronouncing on detailed industrial practices - the Act's 'unfair industrial practices'. This involved the removal of many industrial conflicts from the arena of 'interests' to that of 'rights'; a further departure from liberalism.

Further again, one of the primary liberal aspirations of the Conservatives in pursuing this policy as an alternative to incomes policy - the disengagement of politics and industrial relations - failed miserably. This was partly for the reasons associated with the former points: because the return to market constraints could not be complete, the state could not really retreat to the background role which the Tories believed their Act to involve. But in addition, even the introduction of a new 'background' role for the law cannot be free of continuing conflict under modern conditions. It is one thing to operate under a long-existing legal framework; here political controversy over the existence of the law needs to be initiated and orchestrated by those who eventually seek to change it. But those who are in a position of changing established law - as was the Conservative Government - cannot claim that the action is non-political and non-controversial *merely* because, once it is established, it will simply be a legal framework and not a structure of continuing intervention. While the change is being introduced through an open political system it does constitute an *act* of intervention and is therefore liable to controversy, as the Conservatives were to discover. To an extent they appreciated this point, and hoped that,

once the Act was introduced, the controversy would die down, the unions would have to recognize its institutions, and it would become 'background' law. But this failed to observe the change which had come over British unions during the course of the gradual escalation of controversy over the industrial relations system since the early 1960s.

Finally, it may be argued on the basis of the evidence of this study that, in a political structure such as that obtaining in Britain, with powerfully organised pressure groups, considerable political discussion and a constantly increasing level of government involvement in economic affairs, it is not possible for major aspects of economic life to be regarded as 'outside politics' in such a way as might have been possible in, say, the inter-war period. This proved to be true of attempts at industrial relations legislation; similar arguments would probably also apply to attempts at reverting to a policy of high unemployment as a means of finally severing the institutional context of the modern political economy.

CHAPTER 14

CONCLUSIONS:

CORPORATISM AND CLASS RELATIONS

The immediate conclusions which may be drawn from this study are as follows:

1. There has been a clear tendency for governments (Conservative and Labour) and to a certain extent employers to abandon policies associated with the industrial relations Compromise and to pursue corporatist strategies in order to contain the consequences of the demands of subordinates. This corporatism has been rooted in a managerial conception of industrial authority and in a general context of increasing state intervention in the economy in general. It has varied in the role it allocates to the state (ranging among statist, voluntarist and private forms), and it has been embodied in very different, sometimes opposing, particular policies. But this does not detract from the central tendency, as may be indicated by briefly summarising the developments which have occurred according to the framework of analysis set out in chapter three.

Order versus indulgency: The movement of industrial relations and incomes policies alike was steadily and unambiguously in the direction of re-asserting and strengthening order where it had been compromised in the past.

Involvement versus separation: Distinct, though not powerful, steps in the direction of involvement have been noted in the various policies, from productivity bargaining to the Code of Industrial Relations Practice. Here the new measures conflict with the Compromise,

which stresses bargaining relations, apart from the slight tendency to involvement devices under forms of consultation which has been noted under the Compromise.

Monism versus pluralism: One of the central purposes of several of the new policies was to reduce workers' scope for counter-vailing power and hence to assert a monist model of relations.

Conflict as rights versus interests: It was the inevitable tendency of incomes policy to treat conflicts as matters which could be resolved by appeal to an established set of principles of technical rationality, while measures of industrial relations law reform directly extended the role of substantive rules in the resolution of disputes, culminating in the elaboration of a legally imposed set of 'unfair industrial practices'.

State activism versus state passivism: Some developments unambiguously involved an increasingly active, interventionist state. Incomes policy is the major example, together with the various moves at establishing tripartite dialogues and planning bodies. But measures which did not ostensibly involve state activism did so in practice. The Industrial Relations Act did not preclude an active role for Ministers, despite claims that it would remove industrial relations from politics. In any case the Act was the centre of major political controversy throughout its life. Productivity bargaining, essentially a private initiative, only became prominent when actively promoted by the state. Although the state had also played a role in industrial relations under the Compromise, this had mainly been directed at providing facilities for the achievement of industrial peace - the classic role of the Ministry of Labour. Under the Department of Economic Affairs, the Department of Employment

and Productivity and the Department of Employment this changed considerably to the prosecution of a distinct and positive government policy.

State coercion versus non-coercion: Not all the developments involving state activism also meant the use of coercion; some phases of incomes policy and the strategy of encouraging tripartite talks remained at the level of voluntarist corporatism. However, statutory incomes policy and the Industrial Relations Act involved a degree of legal sanctions which clearly breached the assumption of voluntarism in the Compromise.

Collectivism versus individualism: Despite the initial impression given by the Conservative Act it, like all other measures, only intensified the collectivist trends already inherent in the Compromise.

Autonomy versus heteronomy: Modest steps towards the erosion of union autonomy have been identified in both incomes policies and, more prominently, industrial relations policies. This conflicts strongly with a subordinate emphasis of the Compromise, but it may simply intensify hidden elements within a dominant interpretation. Often management's commitment to the Compromise has resulted at least partly from its ability to secure stable labour relations through its co-operation with the unions.

State entity versus social entity: The move towards unions being seen as creatures of the state which was important in the Conservative policy was in conflict with all interpretations of the Compromise.

Income: equity versus objectivity: Incomes policy involved an attempt at making more rigorous the objective base of income

determination; a managerialist but not a corporatist development. However, this did not involve a departure from equity criteria; rather, considerable appeal was made to 'fairness', and objectivity was interpreted as equity. The movements on this dimension therefore do not constitute a simple shift towards corporatism, but towards a more rigorous managerialism combined with corporatism.

Income: administration versus emergence: The attack on collective bargaining (and indeed simple market determination) which incomes policy involved^{was} a clear shift to the former.

Income: systematic versus ad hoc distribution: Here too the shift towards the former was clear.

Income: growth versus redistribution: The emphasis of incomes policy was clearly on the former, but this does not constitute a straightforward move away from the Compromise. Growth was an essential precondition of the Compromise, and redistribution was more an aspiration of the trade-union emphasis than a feature of common agreement or practical effect.

2. However, it would be highly misleading to describe these developments as the successful triumph of corporatism over the Compromise. First, as anticipated in chapters three and four and indicated in the above summary, corporatist developments may emerge from, rather than be imposed at the expense of, certain elements of the Compromise; this is part of the subtlety and complexity of British industrial relations. But more important than that, the Compromise has proved to be a stubborn force. No one important group has sought single-mindedly to uproot it, all of them returning to it at some stage. And no group has persistently pursued corporatist policies. Full-scale corporatism can only be established

if (i) the state is willing to use massive coercion to impose it or (ii) there is sufficient degree of unity in the society to make coercion unnecessary, in particular a unity of view between employers, the state and a trade union leadership able and willing to control its membership. For example, Italian Fascism was prepared to adopt the former path, using repressive powers to dismantle the free union movement, and also destroying freedom of speech and establishing a major state propaganda machine to reinforce coercion with ideological appeal. No British Government has been prepared to use measures of this extremity, their coercive measures and ideological appeals being moderate and restrained. Indeed, it has been pointed out at several points that corporatist developments, particularly incomes policy, have developed as alternatives to what has been seen as the harsher policy of high unemployment. An instance of option (ii) in the construction of corporatism is the Dutch industrial relations system established after World War II.¹ In the interests of post-war reconstruction the unions were prepared to enter a highly collaborative and consensual incomes policy with the state and employers, and to impose this on their members. British union leaders have never been prepared to accept that degree of involvement with employers and the state, and in any case, throughout, the development of shop-floor^{power} has rendered this an impossible strategy.

These points may be further demonstrated by reviewing the position of major groups involved in the policy-making situation: employers, unions and governments of the two main political parties.

Employers: For individual employers the solution of the Compromise, giving the pursuit of industrial peace priority over the

1. Its outlines are discussed in J. Winmuller, Labor Relations in the Netherlands (Ithaca, Cornell University Press, 1969)

maintenance of managerial position or the integrity of pay schemes, continued to be the easiest resolution of the pressures on them. The inflationary and disruptive consequence of this action pressed themselves sufficiently on employers to cause them to lobby actively for state assistance, but usually only through their associations which took the broader perspective of the fate of an entire industry (or in the case of the CBI the whole economy). Thus from time to time organised employer opinion has sought a more powerful role from the state, and has criticised governments for not setting a lead in restraint. The culmination of this process was the advocacy of reforms on the lines of the Industrial Relations Act by the CBI and other major employer groups. However, looking beyond the period of this study, in the course of the practical implementation of the Act the large majority of employers found that continuing in the ways of the Compromise and ignoring the Act was less of an impediment to their actions than accepting the heightened level of conflict which the Act involved. It is also important to note that employers' 'interests' in the personal sense of the incomes of owners and senior managers have not really been challenged by industrial conflict, either in explicit claims by workers or in actual consequences of bargaining. Accounts of this process usually stress the importance of inflation as the mechanism whereby this is avoided. Glyn and Sutcliffe challenge this contention and argue that, because of the international competition and the difficult position of the British economy, profits have in fact been affected by the process of collective bargaining as it moved into more militant phases during the latter 1960s.¹ However, they stress that this has not really affected the rate of distributed profits,² but

1. A. Glyn and B. Sutcliffe, British Capitalism, Workers and the Profits Squeeze (Penguin, Harmondsworth, 1972), part I

those retained for investment, leading to an investment crisis.

Whether or not this general argument is accurate, it does not contradict the basic contention here: that it is in their functional rather than their personal capacity that the interests of capital and management have been injured by renewed industrial militancy.

The problems emerge as problems of economic management for the state, and ^vthrough the mechanisation^m of inflation they become problems for the society as a whole and not for a particular class. However, the actions which are taken by the state are actions to strengthen domination because, given the prevailing mode of economic organisation, measures of this kind appear to governments to offer the best prospect for restoring order and industrial success. It is in this way that the state may legitimately be described as taking action in support of dominant interests without employers as such necessarily seeking or even supporting such measures. The state may, as has very often been the case, be responding to a lack of confidence by holders of sterling or international creditors and their concern for economic 'stability'.

Organised labour: The position of the unions under the Compromise was secure but narrow. They suffered no challenge to their position from employers and the state, but in exchange for this they were restricted to very minor achievements. For reasons already discussed they were cut off from any serious political engagement, and their bargaining activity remained for many years in an unadventurous position, tackling just a narrow range of issues, having no broad perspective on such questions as the problem of the low paid, and (if it became more significant) having consequences that were eventually inflationary. Were they to expand

their action to global class-wide claims they would be liable to attack for politicisation; if they remained sectional they could be attacked for neglecting the implications of their activities for the rest of the community; and if they made no challenge at all they would simply become appendages of government and management. The Compromise imposed on unions a role which produced more problems for dominant interests than it generated advances for subordinates. A considerable degree of power could be developed, but its major potential targets in the domination relationship were insulated from it. This power could therefore generate disorder and inflation, but no positive advances commensurate with this disruption. Similar points apply to unofficial shop-floor activity. This produced negotiation over aspects of work practices which had been ignored by the national unions, but these were often of a paltry kind. For example, among the major issues in productivity bargaining were managerial attempts at reducing the level of overtime. Maintaining a rate of overtime which was both high and under the control of the work force had been an important achievement of work groups in advancing their pay and in securing control over working methods. However, it is a limited achievement of workers' power simply to have the right to extend the length of the working day.

The unions were, initially, in a poor condition to withstand the worsening of their position that corporatism involved. They were jealous of their independence from one another, finding any degree of co-ordination difficult; the rise of shop-floor power imparted an awkward distortion to their structure, their point of co-ordination being remote from the point of militancy and power;

they were being forced into positions of political involvement

while accepting a social role which imposed on them political abstention; their major activity, collective bargaining, had narrow and occasionally self-defeating consequences. However, with one crucial limitation, the very consequences of the attempts at corporatism did themselves strengthen, broaden and generally improve the unions' position. The pressures of incomes and industrial relations policies tried to impose an increasingly important role of co-ordination on to the TUC; eventually this assisted the TUC into a position where it could co-ordinate the unions' resistance to policy and the formulation of alternatives. Concern surrounding the 'two levels' of bargaining and the structural weaknesses of the unions, which began largely as a concern that unions were not doing enough to control their workers, eventually assisted several unions in the process of reorganisation which enabled them more adequately to express shop-floor discontents. During the period of incomes policy unions were criticised for their lack of involvement in such issues as low pay; during the late 1960s several unions formulated policies on this question ^{and} the related one of equal pay for women, and generally broadened their industrial objectives. One factor which aided unions in this was productivity bargaining, for though initially a managerial policy for regaining control over work practices, it was susceptible to use by unions if they took the initiative in selecting the issues for bargaining. Finally, and most important, the fact that the unions were forced by Government policy into the political arena led them both to renew their concern for political power and formulate a broader level of objectives than those possible within collective bargaining. For example, as Government sought a voluntary TUC incomes policy, so the TUC

made demands for policy action on the whole range of incomes, and not just those of workers.

One limitation on unions' pursuing these developments further was their paradoxical relationship with the rank-and-file membership. As it was described in chapter four, the strategy of liberal collectivism matched the narrow instrumentalism of rank-and-file demands. The need for British union leaders to maintain close contact with their members and the impossibility of their trying to 'control' them meant that unions had difficulty in moving away from liberal collectivism. But further, it is also doubtful whether many union leaderships would of their own accord move beyond narrow bargaining activities. This was the area they knew best and which had given them reasonable success. Like many employers, unions were happy with the Compromise. These various pressures both inhibited their radicalism and restricted their collaboration with corporatism.

The political parties: The developments towards corporatism had difficult implications for both the major political parties.¹ Neither party was overtly committed to the introduction of corporatist policies. Both parties tried to present their own policies as extensions of their normal preoccupations: Labour treating the state's new role as an extension of socialism, aimed at securing justice, with collective bargaining being stigmatised

1 On the other hand, the developments were not unprecedented for the parties. Adjustments to an essentially corporatist pattern in the immediate post-war period by both parties (and unions and employers) are discussed in S.H. Beer, Modern British Politics (London, Faber, 1965), ch.12. The continuing tension between corporatist and laissez-faire tendencies within the Conservative Party is analysed in M. Harris, Competition and the Corporate Society (London, Methuen, 1972).

as laissez-faire; and the Conservatives presenting their interventionist Act as a re-assertion of market liberalism, condemning the existing state of industrial relations as part of a general breakdown of law and order. While both parties experienced difficulties, those of Labour were the greater. For Conservatives the crisis concerned the nature of the measures needed to re-assert dominant interests, and though some sections of the party found the recourse to detailed state intervention distasteful, others were happy to draw on Conservatism's own statist traditions. For Labour, the conflict was between supporting dominant or subordinate interests, this being no abstract issue but one assuming the very concrete form of trade unions versus the function of the state in supporting industrial authority. The fact that unions are an ⁱⁿadequate representation of subordinate interests and the state not unambiguous in supporting dominant interests only served to make the dilemma more difficult.

Paradoxically, it can be argued that it was the strength of the parties' commitment to fundamental aspects of the compromise which led them into the corporatist path. The unwillingness or inability of Labour to take radical action to change the structure of industrial authority meant that its intervention could not have the egalitarian implications which it claimed as the rationale for its policies. The unwillingness or inability of the Conservatives to raise the level of unemployment and break the organisation of labour imposed considerable limits on the extent to which they could move back to market individualism. Corporatism emerged as the unsought consequence of pursuing other anti-compromise policies with inadequate rigour.

3. As indicated in the above summary of the position of the unions, although their major role has been to resist corporatist developments, there were also signs (particularly at the end of the period) of their moving towards new strategies which took advantage of the openings afforded by corporatism. It is possible to describe this approach as a form of 'bargained corporatism'. It refers to a strategy which accepts major elements of the corporatist pattern but tries to insert important aspects of a liberal collective bargaining model among them. Discussing these elements in terms of the framework gives the following:

First, while accepting the overall goal of increased stability and order in industry, unions have insisted on protecting and indeed widening the area of pluralism, through extending the scope for bargaining, seeking increased powers for unions in their relations with employers, and in their prosecution of wider political demands from governments. If they have accepted an increasing element of involvement as opposed to separation in the relationship of workers' to their firms, they have sought to give this a pluralist base through an element of workers' control and have insisted that conflicts continue to be resolved through bargaining mechanisms. The conversion of several major unions and the TUC itself to workers' participation, noted in chapter nine, is an important indication of this shift.

Second, while accepting an increasing element of state activism, they have resisted all attempts at state coercion; in other words they have preferred voluntarist to statist corporatism. Thus, they have agreed to participate in, and have at times actively sought, voluntary tripartite incomes policy and planning exercises; they have opposed but tolerated statutory incomes policies, which retain some scope for political manoeuvre in their implementation; but they have

opposed outright attempts at changing the background law and placing it beyond the reach of the political process. Unions have been sufficiently confident of their power to influence governments to accept political involvement by the government itself more readily than the establishment of legal controls.

Third, some unions and the TUC have made certain limited concessions towards accepting a role for themselves of supporting managerial order, but only as an extension to the means by which such a role is already implicit in the concept of collective bargaining. They have completely and successfully resisted attempts to make them creatures of the state, as is seen most strikingly in their campaign against the Industrial Relations Act.

Within pay determination union strategy has varied over time and between unions, but in their acceptance of job evaluation schemes, certain forms of incomes policies and (temporarily) productivity bargaining they have frequently accepted a more systematic approach to pay determination than is usual under Compromise collective bargaining. However, by insisting on the maintenance of bargaining relations they have asserted the priority of emergent over administered strategies. Finally, the tendency towards the end of the 1960s for the unions to press demands for wider egalitarian measures on governments as part of the price of their co-operation marks an important reassertion of the role of re-distribution.

The strategy of bargained corporatism represents a subordinate response to dominant corporatist strategies in the same way that a certain form of liberal collectivism constituted the subordinate response to dominant strategies in the era of low unemployment and

mass prosperity. It involves acceptance by unions of several strategies which, in the terms of liberal collectivism, constitute a set-back for subordinate interests. But it also holds out the chance of advances. Unions are at once tempted and frightened by corporatist developments to sacrifice some of their entrenched but narrow and unambitious achievements in exchange for the possibility of greater political influence and more and broader power for their members in the workplace; but at the same time more restraint, a more obvious role for unions in restraining their members, more state interference and fuller acceptance of the existing industrial order and its priorities. Will unions accept the challenge (and risk)? Any tendencies to move in the directions mentioned above are at present very modest and at least counter-balanced by desires to return to free collective bargaining. Obviously the situation will be affected by economic and political developments; and, as noted above, a further source of uncertainty concerns the relationship between unions and their members. For example, if unions were to reach an agreement with a government that, in return for certain measures, they would exercise restraint in wage claims, is there any sense in which their members could be persuaded to deliver their part of the bargain, without the unions adopting a position of control over them leading to their identification as a hostile, pro-management force?

These remain the major unanswered questions of the present and future role of unions in Britain. During the period covered by this study the strategy of bargained corporatism was only beginning to emerge in any significant sense, and it is by no means clear that unions would really be prepared to accept its risks.

They are perhaps more likely to try to return to the familiar paths of liberal collectivism, though increasingly this latter course has ceased to be the easy path of the past. A compromise can only survive if all parties pursue it, and by the early 1970s it was clear that at least from time to time governments would treat liberal collectivism, not as the Compromise but as at best an obstacle and at worst an evil. Liberal collectivism was becoming a strategy of militancy.¹

4. To the extent that the Compromise has collapsed (and it has enjoyed several revivals) participants in industrial relations have been forced to adopt new strategies. It is possible to schematise the major differences in strategy which have been outlined in this study according to a simple matrix. First there is the distinction between strategies serving dominant and subordinate interests, as defined in chapter three. Dominant strategies stress order and the disciplined control of subordinates, and in conventional political language may be designated the 'right'. Subordinate strategies, while not rejecting the overall domination of subordinates, try to maximise pluralism and flexibility in its operation, and constitute a reformist 'left'. The second dimension concerns whether or not the groups involved are prepared to accept the main contours of the corporatist economy, with its attempted re-integration of economic, political and ideological spheres of constraint. This

1 I. Richter (Political Purpose in Trade Unions (London, Allen and Unwin, 1973)) provides a not dissimilar analysis of the challenges facing union strategies, though he tends to underestimate the extent to which changes in the economic and political context have forced unions to occupy a more highly politicised position irrespective of their traditional objectives.

matrix then gives:

	Dominant (right)	Subordinate (left)
Corporatist	Corporatism (in its various forms)	Bargained corporatism
Anti-corporatist	Market individualism (<u>laissez-faire</u>)	Liberal collectivism (free collective bargaining)

It would be premature to assign political forces in Britain to this design in a straightforward way, since the dividing lines are in practice so often unclear. The Industrial Relations Act may be regarded as a compromise between the two different dominant strategies; those trying to pursue bargained corporatism may well return to liberal collectivism for at least certain periods or on certain issues, as has been seen in the response of unions; and the division between the two rival corporatist groups will often be unclear as, for example, those whose central concern is order make major concessions to pluralism in order to win some kind of agreement. However, the matrix does make it possible to make sense of several ambiguities of contemporary political division: for example, the occasional consensus between advocates of laissez-faire and of free collective bargaining (an alliance of those rejecting corporatism).

Implications for the debate over class

Several of the foregoing conclusions relate directly to the central question of this study: what have been the implications of the changes in industrial relations for the wider pattern of class relations? Throughout, the study has dealt in terms of strategies for securing the effective domination of subordinates, rather than with the alternative model found in the literature of producer groups operating according to the expectations of pressure-group theory. This has enabled us to avoid misleading assumptions about the 'power' of trade unions, since they are seen as attempting to represent an essentially subordinate interest. Studies of the pressure-group kind, and others which do not make use of class theory, make heavy use of the role of personalities and simple prejudiced concepts such as the willingness or otherwise of the unions to 'modernise' their relations with government¹.

Discussions of this kind have their value, but the present study has tried to tackle the subject from a different standpoint. The actions of primarily governments but also unions and, to a lesser extent still employers, have been interpreted by setting them in the context of a particular structure of dominant-subordinate relations which, in the post-war period, enabled the pacification of several important aspects of class conflict. Given the failure of aspects of that context, how have they adapted their strategies, given the

¹ Examples of such studies are P. Jenkins, The Battle of Downing Street, (London, Charles Knight, 1969); J. Barbash, Trade Unions and National Economic Policy, (New York, John Hopkins, 1972), ch.6; I. Richter, Political Purpose in Trade Unions; and G.A. Dorfman, Wage Politics in Britain (Ames, Iowa University Press, 1973).

nature of relations of domination, the pattern of constraints available and the particular social structure within which they have operated? In conclusion therefore it is important to return to the debate over class relations which was discussed in chapter one. How do the findings of the present study affect an assessment of the rival arguments considered there on those aspects to which it has been relevant? The discussion will focus on a limited number of themes: inflation, managerialism, rationalistic ideology, the role of the state and the position of trade unions.

The theories of the diminishing relevance of class in the late 1950s rested heavily on the replacement of high unemployment by increasing prosperity as the major economic factor changing the nature of class relations. The equivalent underlying premise of the present study has been inflation. As noted above, inflation displaces class conflict; it also creates a new context for class relations and imposes new pressures on the structure of constraints. Its implications will be noted at several points below.

A second major factor has been the growth of ^{an} economy dominated by large managerially controlled enterprises. In this respect this study has drawn on a similar development as did the 1950s theories, but has studied different aspects of it. Whereas their emphasis had been on ^{an} apparent erosion of the contours of simple capitalist society by the rise of professional management, we have here considered the kind of new constraints and forms of inequality which are associated with the managerial economy, particularly when it is under stress. Our conclusions are similar to those of Banks;¹

¹ J.A. Banks, Marxist Sociology in Action (London, Faber and Faber, 1970), chs. 10-12, 18.

managerialism is able to substitute new structures of administered inequality in the place of market-determined patterns; it encourages certain forms of employee involvement; it is associated with an essentially collectivist economy; its relations with the state can be much closer than was possible under true entrepreneurial capitalism; the forces which support it cut across the political divisions of an earlier period, without that implying that it in any way marks an end to conflictual relations of domination. It is these factors which render managerialism a close relation to a distinctive kind of corporatism. It is not the orthodox corporatism of European conservative thought, as has been stressed at several points, though traditional corporatists may well adapt their theories and accommodate them to the emerging structure.¹ Rather it is a corporatism generated by managerial developments themselves in conditions of economic crisis.

The structure of inequality within an ideal-typical managerial economy consists of a broad hierarchy of positions, differentiated according to skill and responsibility but not readily grouped into clear-cut classes or quasi-classes. This is itself part of the development of corporatist pay structures.² It is by no means the

1 Interestingly, the perspective of one of the progenitors of corporatist thought, Saint-Simon, was closer to contemporary managerialist, scientific theories than were his successors who developed an essentially conservative doctrine. See G. Ionescu, 'Saint-Simon and the Politics of Industrial Societies', Government and Opposition, VIII, No. 1, Winter 1973. It could even be argued that Saint-Simon envisaged the 'bargained corporatism' discussed about (see Ibid., p.44).

2 A most striking statement of the corporatist implications of the large-scale managerial economy is J.L. Meij, 'Wage Structure and Organisational Structure' in Meij (ed) Internal Wage Structure (Amsterdam, North Holland Publishing Company, 1963) who argues that both collective bargaining and market determination are unsuited to the large enterprise. Instead pay structures should be geared to the specific needs of the company. Alongside this he envisages increased participation by labour in management.

case that British occupational structure conforms fully to this shape, nor may one legitimately adopt an historicist position which predicts its inevitability. However, it can be concluded on the basis of the present study, and particularly on the basis of the analysis of the work of the National Board for Prices and Incomes, that the major thrust of corporatist policies has been to encourage such a structure.¹ An important aspect of this has been the attempt to promulgate an ideology legitimating both managerial authority and the detailed inequalities of the pay structure. This development has interesting connections with the theory of the apparent decline of class ideologies.

The Compromise was characterised by a relaxed level of ideology. In terms of the actual conduct of industrial relations the deeply rooted but ad hoc and accomodative criteria of comparability and the cost of living~~s~~ guided negotiations. The managerial prerogative was eroded at lower levels even if it was maintained as an official doctrine. More significantly at the broader level of the society, the power of both deference and traditional^{oppositional} ideologies was eroded during the process of growing mass prosperity. As deferential attitudes declined the defence against direct challenge by subordinates became an invitation to enjoy the opportunities presented by the existing economic system. Deference gave way to instrumentalism. But instrumentalism was probably related to the rising of expectations, and when the economy became unable to keep pace, the ideological vacuum became problematic.

1 R.P. Dore discusses the NBPI in these terms in his consideration of tendencies for British pay systems to approximate to the Japanese model (British Factory - Japanese Factory (London, Allen and Unwin, 1973), pp.347-352.

One response took the form of exhortations to pursue a national interest, appeals to patriotism and, increasingly, denunciations of strikes. In the period under study none of this was pursued particularly rigorously. More interesting, if not much more successful, have been attempts at securing support for an ideology of managerial rationalism, taking advantage of both scientific appeals to objectivity and more traditional doctrines of equity. The major instrument for this was the NBPI, which developed a doctrine of the rationality of clearly ordered pay structures, based on differences of skill and responsibility. This was accompanied by the devices to encourage workers to identify with their firms.¹ It is reasonable to term this rationality managerial on two counts; first, since managerial positions were always identified as being superior in terms of skill and responsibility it directly supported the personal position of management. Second, in seeking to replace bargaining by an ordered and controlled system it sought an increase in managerial control. The NBPI was the creature of a Labour Government, and the theme of rationality became reinterpreted in terms of the Labour movement's historical socialist conception of that ideal. The political nature of rationality can only be determined when one has discovered the perspective of the rationality and the nature of the forces against which it is directed. Socialism has long been expressed as a form of rationalism, in particular in the use of the state as a means of rationalising the chaos of a capitalist economy.

1 The contrast between these new attempts at involving the workforce and the typical patterns of the Compromise are discussed in Dore (*ibid.*) and A. Fox, Beyond Contract: Work Power and Trust Relations (London, Faber, 1974), esp. chs. 7 and 8.

Under the Labour Government of 1964 to 1970 however the irrational enemy was collective bargaining - the central instrument of the trade-union movement - and the rational order was, as has been argued in previous chapters, that of managerialism. In this respect the policy of rationalisation fits into a pattern of the fate of socialist policies which has been traced by many writers, from Max Weber onwards, and which can be considered to have its unacknowledged ideological roots in Saint-Simon.¹ A further major dimension of change concerns the role of the state in class relations, to which so much attention has been paid in this study.² It was assumed in the 1950s theories that the modern state was characterised by universal citizenship, new welfare responsibilities and a role as counter-vailing power against economic domination. In other words, the state was neutralised within the class conflict. It has been a major part of this study to show that in fact the state has increasingly moved to support the domination of subordinates, within the context of an economic system in which the consequences of workers' demands are

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- 1 The tradition of thought is analysed at length in S. Wolin, Politics and Vision, (London, Allen and Unwin, 1961) in which he relates the rise of managerial rationalism to attempts in political thought to replace the uncertainties and conflicts of politics with the clear answers of science. He traces this theme in such apparently diverse schools as Saint-Simon, Webbian socialism, aspects of Leninism and American doctrines of scientific management. Some of these themes are also followed, with special reference to industrial relations, in R. Bendix, Work and Authority in Industry (New York, Wiley, 1956). That these tendencies may be related to managerial corporatism has been made clear in chapter three.
 - 2 On this point this study has confirmed the arguments of a wide range of other authors, including: N. Birnbaum, The Crisis of Industrial Society (New York, Oxford University Press, 1964) esp. p.44; J.R. Galbraith, The New Industrial State (Harmondsworth, Penguin, 1967); and A. Shonfield, Modern Capitalism (London, Oxford University Press, 1965).

inflation and economic d[is]location. The counter-vailing powers have not been absent, and their operation has been traced here, but a theory of the modern state^{which} sees it simply as a neutral centre

is clearly inadequate. It is not necessary to find inter-personal links or personal views and prejudices among decision-makers in order to make this claim; it is simply necessary to trace what the state in fact does and to relate this to the position of the state within the prevailing system of economic relations.

Finally, there are implications for the 1950s theories in the position of trade unions. It was argued both that (i) unions were now well entrenched within the social system of institutionalised conflict and (ii) that within the prosperous modern economy workers were becoming increasingly individualised and less interested in unions. To a large extent these claims, which were reasonable at the time, have simply been overtaken by events. But it is also relevant to take into account the new role which governments have tried to impose on unions of controlling their own members. This challenges considerably the model of a liberal society in which class relations become increasingly free from constraints; it also challenges further the assumption of individualism, as has been indicated in the discussion of the paradoxes withⁿ in the Industrial Relations Act. *

Several of these conclusions ⁿcontest the interpretations of the 1950s theories. In some cases it is simply a matter of history having changed during the following decade, though in others it is a more straightforward disagreement. In fact, this distinction

* This use of unions and also of the Labour Party's ideology as means of securing order also throws an ironic perspective on Weber's identification of 'party' as a separate source of stratification. The evidence in chapter 12 suggests that workers' organisations may be used as devices for reinforcing existing forms of inequality. (See also A. Giddens, The Class Structure of the Advanced Societies, pp 164, 285, on social democratic parties as peculiarly supportive of modern capitalism.)

itself indicates a very important conclusion. It is necessary to distinguish those changes described in the 1950s which related specifically to the phenomenon of a constantly rising popular standard of living and those which concerned wide structural changes which, though associated with the former, could persist independently of it - such as managerialism, the dissolution of established political ideologies, instrumentalism. Several of these latter changes related, not to the big question of the debates of that time - was class in some way declining or not? - but to the separate question: what different forms were being adopted by the constraints governing class relations? As noted at the outset of chapter two, class is rooted in scarcity, and its constraints become more evident when scarcity presses more obviously on social relations. As scarcity has returned in the form of a crisis of inflation several of the contours of what seemed to be decreasingly coercive relations re-appear as constituents of a new and highly conflictual configuration. At the same time, a 'return' of problems of scarcity does not mean, as several popular commentators assume, a return to earlier patterns of class conflict familiar from history and myth as the conflicts of entrepreneurial capitalism. As the economic and political context have changed, so have the constitution of the constraints of class relations. The return of conflict in recent years to industrial relations has certainly been a conflict related to class; but it has been the complex conflicts of a half-emergent and hesitant corporatism, not those of the age of laissez-faire.

If these conclusions are critical of the 1950s theories, they do support some of the contentions of Marxist writers concerning the increasing politicisation of conflict, the coercive potentialities of the managerial economy, the continuing importance of class analysis,

and the disintegration of political ideologies under the weight of managerial scientific rationalism.¹ The main difference between the analysis being made here and that of Marxists concerns not so much the changing contours of class relations as the nature of subordinates' response to them, and in particular predictions of their future response rather than analysis of the situation to date. Workers' consciousness has not been a central theme of this study; as stated at the outset, it has been the area on which most recent work has concentrated, at the expense of ^{the} structural dimensions of class relations discussed here. Further, since most of the debate concerns the future, not much can be said on it. However, from this structuralist position it is possible to draw some tentative conclusions concerning the likelihood of various developments; workers' responses are by no means simply a response to what they consciously 'want'; the more relevant question is the likely objective consequences of their actions.

Seen in this way, there are certain major arguments which would support predictions of an increasingly cohesive response by subordinates to corporatism. First there is the politicisation of conflict, which lends to specific struggles a general character. When there is a statutory incomes policy, all can unite in opposing the policy, whatever the nature of their particular pay claim. Similarly, ^a development like the Industrial Relations Act raises the universal issue of the right to organise. Closely related to this,

¹ Most of these arguments are common themes of the literature discussed in chapter one. The last, the disintegration of ideologies, is less common, but is discussed in chapter one (pp 22, 24)

the increasingly open and coercive nature of constraints may render the contours of domination more salient and liable to attack. And finally, the increasing intervention of the state makes it both possible and necessary that organised labour respond with increasingly political demands. However, against these tendencies are to be set certain other points. First, the left within the unions is increasingly drawn towards the defence of free collective bargaining as its major strategy; this enables it both to maintain rank-and-file support and to defy the government, refusing all entanglement in corporatism. Although liberal collectivism was once a subordinate strategy within the Compromise, in the changed nature of government strategy it has become a policy which intensifies conflict. But is it a strategy likely to encourage cohesion, depending as it does for its very existence on competitive claims among subordinate groups? The role of inflation is also relevant here. As has been described, inflation is one of the main devices by which workers' demands have been deflected from challenging relations of domination directly. The consequence is further to transform conflicts over distribution into conflicts between different groups of subordinates. Finally, there is the problem which has been discussed already in this chapter: the relationship between the essentially non-political aspirations of the base (in which the strength of organised labour is concentrated) and the inevitable politicisation of the conflict at higher levels. So far we have discussed this division as a problem for union leaders entering relations of bargained corporatism. But it is a problem for the very different political aspirations of the far left. It remains far easier to envisage how the pursuit of free collective bargaining can result in chaos and dislocation than to determine the

kind of political forces which would emerge from that chaos.

These last points raise a final conclusion of interest. The consequences of instrumentalism, the function of inflation and the collapse of clear political loyalties in the face of the rise of corporatism constitute a form of 'Pyrrhic victory' for some among the 1950s theorists. As we have seen, the emergence of the modern economy has eroded solidarities and ideologies of opposition in the way several of them anticipated,¹ and this remains a continuing weakness of attempts to construct positive alternatives to corporatism. But the victory is a Pyrrhic one because, as has been discussed above, the dissolution of ideological cohesion has not been limited to subordinate ideologies but has extended to those of domination.² It is difficult to envisage the attempt at constructing a new consensus around managerialist rationalism achieving great success.³ Ironically, at a time when both left and right have increasing need for a positive moral response in order to pursue their objectives, the resources available to them are weak. At a time when the state is playing a crucial role in securing the coherence of the society the ideologies which are called upon to give both direction and legitimacy to that role have not accommodated themselves to the changed situation and in any case have a diminishing salience to the people at large.

1 See for example the view expressed by Dahrendorf and quoted on page 18.

2 This is one of the central implications of the literature on both 'instrumentalism' and changes in the nature of working-class conservatism which made an important contribution in the late 1960s. For an extended discussion see C.J. Crouch, 'The Drive for Inequality?' in L. Lindberg et al (ed), Stress and Contradiction in Modern Capitalism; Public Policy and the Theory of the State (Lexington, D.C. Heath, forthcoming)

3 For support for this scepticism, see A. Fox, op. cit., chs. 8 and 9.

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